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THE COMPARISON AND CONTRAST BETWEEN ANCIENT CHINESE AND WESTERN LEADERSHIP THEORIES AND PRACTICES

THE DISCOVERY OF A MODERN LEADERSHIP MODEL OF CURRENT CHINESE
BUSINESS PRACTICE THAT ENABLES THE TRANSFORMATION FROM THE
TRADITIONAL AUTOCRATIC LEADERSHIP STYLE TO A TRANSFORMING
LEADERSHIP STYLE

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Declaration

The dissertation is the author's original work with substantial supervision from Mr. Paul Roberts. The dissertation can be used as reference by the WMG of Warwick University.

Abstract

With the rapid development of the Chinese economy, increasingly Chinese enterprises have realized the possibility and importance of applying modern Western leadership systems and management philosophies. Especially when China has gradually become one of the world's biggest manufacturing producers and consumer market, many Chinese enterprises began to consider how to improve product quality by studying developed Western leadership theories and experience. However, during the last decade, there were few successful cases of engaging Western leadership systems and management philosophies. One of the main possible reasons is that traditional Chinese philosophies are still the preferred way of thinking for Chinese leaders and employees as well as modern Chinese society. Therefore, this research aims, through the comparison and contrast between Chinese and Western Leadership theories and practices, to identify the possible solutions of enabling the efficient and effective engagement of Western leadership philosophy in a range of Chinese leadership practices. Based on this research aim, four qualitative research methodologies have been engaged, namely multiple case studies, semi-structured interview, focus group and experts opinion. Through primary and secondary data collection, it was evident that a leadership transformation model which combined the advantages of both ancient Chinese and modern Western leadership philosophies was required. By thoroughly reviewing the literature of both, a comparison and contrast between the essential elements was carried out. Transformational leadership was found to share the common basis of human orientated systematic thinking with the essential elements of traditional Chinese thought. With this finding, a model based on both transformational leadership theory and essential traditional Chinese philosophies was created. During the process of primary research, this model was continuously developed in order to make it more practical and more robust. The potential contribution of this model is through the change of a leader's mind-set and behavior the transformation of the whole organization will finally be achieved thus allowing the organization to be dynamic and robust in the ever-changing environment.

Key words: leadership, traditional Chinese philosophies, Western leadership theory, transformational leadership, system thinking

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1. Introduction

1.1 General Background

Through the master's study in Engineering Enterprise Excellence at Warwick Manufacturing Group in 2007, there are many aspects of interesting and profound knowledge that have arisen from many course modules, namely, Leadership, Principle and Practices of Excellence and Knowledge Management etc. However, in reality, the application of all this profound knowledge can be crucial, especially in many developing countries, such as China, India and Thailand (Lau, Zhao and Xiao, 2004; Noronha, 2002). There may be many gaps between Western management methods and theories and what is happening in developing countries in many aspects, such as cultural, social, academic and practical understanding etc. and many of these are still at a fundamental level. Therefore, in order to discover the practical applicability levels of modern Western management systems during the masters' study period, the research mainly concentrated on the application of EFQM (European Foundation of Quality Management) model (Appendix I) in Northern Chinese SMEs. After this work, it can be found that many Western philosophies can be essential additions to fundamental understanding for Chinese managers in terms of Western management applications. It can also be seen, due to the lack of sufficient communications and fundamental education, much Western managerial knowledge has been 'cut and pasted' and in many cases misunderstood. Although there are many claims of engaging modern management theories and practices, many firms still use the traditional way of running an organization, the most typical one being autocratic management (Fang, 2005, pp. 52-54; Gallo, 2011, pp. 109-115). In other words, engaging Western management practice has become an advertising element that stayed at a surface level. Consequently, there are many issues that still need to be solved in order to enable the efficient and effective engagement of Western management philosophy in many Chinese management

practices.

After the fundamental research and understanding of the Western management theories, in order to deeply understand the causes of the current issues, the author has worked for a well-known business management consultant company for four months in China. From many case studies, it can be found that many business failures in China are associated with ineffective leadership. Effective leadership is regarded as the most important key for any kind of business application since essentially most firms depend on direction from the leadership group (Kotter, 1999, pp. 1-25; Peters, 2005, p. 14). In many cases, in terms of management concepts, the leadership group or individuals are encouraged to adopt Western management theories (Li, Anderson and Harrison, 2003; Newell, 1999). However, on the other hand, they are educated and practiced in traditional autocratic Chinese ways of management. And the political, business and social environments are largely affected by the communist party government (single party rule). Therefore, in many cases, until the recent decade it could be a risky decision for many Chinese leaders to apply Western theories in a traditional Chinese environment under the Communist atmosphere.

1.2 The current situation of Chinese businesses

After the open-door policy and joining the WTO, the Chinese government has gradually changed the economy from state controlled to market-driven (Lau, Zhao and Xiao, 2004; Zhang, 2000). Therefore, many Chinese government firms are taken over by private and foreign investors. Under the strong competitive environment, the improvement of the management style and practices have inevitably become the key issue for current Chinese business practices (Lau, Zhao and Xiao, 2004; Newell, 1999; Zhang, 2000).

The Chinese economy, as one of the fastest growing economies, has many benefits from

globalization (Agarwal and Wu, 2004). However, following the huge growth in the economy, in which China has become one of the largest suppliers of the global export market, quality issues have become the most dangerous threat for the sustainability of Chinese economic growth (Tsang and Qu, 2000; Li, Anderson and Harrison, 2003). There are many reasons that could support this claim. Firstly, in recent years, feedback from the global market has shown that Chinese goods suffer from poor quality and some have resulted in serious consequences. Adverse feedback results in a drop of global customer confidence about Chinese exports, thus causing a decreasing demand for Chinese products. Secondly, as the value of Chinese currency (*RMB*) increases and labour and material costs in the domestic market increases, many people found that Chinese goods are no longer cheap in terms of price. In other words, Chinese goods are gradually losing the advantage of low cost in the global market (Fernandez & Underwood, 2006, pp. 120-123; Zhang, 2000). Meanwhile, many developed countries, namely European Union and USA, have set many trade tariffs on Chinese imports due to the low cost, trade deficit and financial crisis reasons. Thirdly, in terms of the huge domestic market (1.4 billion consumers), many high quality foreign goods have already gained a substantial market place (Doctoroff, 2012, pp. 111-114). There are increasing profits to be made and many academics and business people believe that the Chinese market would be the next focus for global investment and it is already the largest consumer market in the world. Therefore, focus on quality improvement in order to gain a sustainable domestic market position is recognized as the most essential element for the future Chinese firms' business strategy (Hopkins, Nie and Hopkins, 2004; Lee, and Zhou, 2000; Zhang, 2000; Zhao, Maheshwari and Zhang, 1995).

1.3 The direction of both Western and Chinese business leaders head to

However, quality cannot be improved overnight; many academics (Deming, 2000b, pp. 49-91; Newell, 1999; and Zhang, 2000) suggested that improving the overall working system is the essential stepping-stone to reach the goal of sustainable improvement of product quality. As Zhang (2000) claimed, if the quality of people especially the leadership group (both business and political) does not improve, it is very difficult to improve the country's production quality. In terms of current Chinese practices, the leadership group is regarded as the "head sheep" of the system (Liu, Yu and Tjosvold, 2002; Selvarajah and Meyer, 2008; Zhan, 2009, pp. 1-3). In most Chinese cases, the leadership group has the superior power of decision-making, and many of them are the owners of the firm. Therefore, upgrading the leadership mind-set and knowledge level would be a critical factor for the current challenging Chinese market (Wang, 1999). As Newell (1999) claimed, a substantial interaction and communications between Western and Chinese management knowledge and practices is crucial and it will be beneficial for both parties. Especially for the modern Chinese firm leaders, a thorough understanding of both worlds would enable robust management method selection that is most appropriate for the current Chinese practice matters (Chen, 2005; Li, Mirmirani and Ilacqua, 2009). In terms of strong foreign competition, in both domestic and global markets, the deep-level understanding of Western management and leadership theories and practice could also result in a competitive advantage for many Chinese business leaders (Garg and Ma, 2005). However, in terms of reality, many current researches (Liu, 2006; Newell, 1999) have shown that the majority of Chinese business leaders are facing many conflicts and misunderstandings of transferring Western philosophy into current Chinese practice. Many conflicts are at the leadership level. As claimed by many authors (Jacobs, Guopei and Herbig, 1995; Newell, 1999; Zhang, 2000), the divergence between the traditional autocratic leadership style and a modern engaging leadership style may be the most fundamental problem that is associated with current

Chinese leadership practice. Many conflicts are caused by the misunderstanding of the Western theories. Many of the Western business leadership theories are based on systems thinking, which describes the working group (firm, organization, company or department) as a system (Seddon, 2008, pp. 66-81). Leaders appreciate that they are not only the drivers of the system, but also an important part of the system. Shared missions and visions are the key that could drive the overall system efficiently and effectively (Deming, 2000a, pp. 23-26). On the other hand, in terms of traditional autocratic leadership, many Chinese business leaders (especially the family business owners) believe that the overall system (company, firm or organization) is ruled by them; the system should listen to what they say. All their employees are like chess pieces in the game of business (Wright, Szeto and Geory, 2000). In other words, they are above the overall system as the ruler of the system. The different attitude and understanding about the system forms the conflicts between current Chinese and Western leadership practices. Under different circumstances, it might be very hard to judge which the most suitable leadership method is. However, in terms of current Chinese situations, there are two schools of thought. Many authors (Newell, 1999; Wright, Szeto and Geory, 2000) have argued that China should engage the modern leadership methods from the West, whereas others have claimed (Zhang, 2008a, pp. 1-39) that keeping the traditional way of leadership should be the most appropriate way. The recent research has shown a selective combination of both thoughts can be the most advantageous. And in many cases, China as a single party ruled government has its unique circumstances (Hawkins, 2000). The appreciation of the current communist atmosphere could be an essential key to the successful business application for Western practices (Zheng, 2010, pp. 1-17). However, to date there is no practical guidance on the appropriate selection of the Western and Chinese leadership philosophy and theories.

1.3 (1) Current state of Chinese leadership style

In terms of current Chinese leadership practice, everything should start from the beginning of the Republic's government. Four years after the Second World War, the Communist party took over mainland China. Since the 1st October 1949, China has become a single party ruled socialist country (Li, 2009, p. 6). Similar to the Soviet Union, the economy was fully controlled by the single party ruled central government (Communist Party). In other words, since 1949, all kinds of businesses were owned and run by different levels of the Communist government. Consequently, the business management system was operated the same way as the political management system, in many cases by the same people. An autocratic leadership style is the most common leadership style used by Chinese business managers (Fernandez and Underwood, 2006, pp. 120-123; Gallo, 2011, pp. 109-116). 60 years after the takeover, there are more and more privately owned businesses since the "open door" policy in 1979. However, much of the traditional behavior is still passed down to the current generation. The central government still has the most powerful influence on many businesses (Zheng, 2010, pp. 18-44). Under the Communist atmosphere, understanding and appropriate evaluation of the current operating system of the party system could also be a challenge for the business leaders.

From the historical point of view, after the last emperor of Qing dynasty in 1912, China has suffered from more than 37 years of instabilities (Jin, 2009, p. 309). Therefore, many business concepts and philosophies have been lost over the war period. When the new government took over at the end of the war, most of the governors had a military background (Jin, 2009, pp. 469-494). Many of them lacked education during the war period. As many authors claimed (Hawkins, 2000; Martinsons and Westwood, 1997), leadership style in the P.R.C (People's Republic of China) government is known to be paternalistic and autocratic. An autocratic leadership style is widely believed to be the most appropriate leadership style in both political and business terms. It could maintain the political stability which was the commonly agreed advantage. Before the

‘open-door’ policy in 1979, there was no real meaning of competition within the Chinese business world. In other words, ‘open market’ still stayed at theoretical level. Every business was strictly following the “plan” that was made by the central government at the beginning of every year. All the economic, social and political factors were controlled by the government in great detail, so called ‘the Planned Economy’. Especially during the Cultural Revolution period (1966-1976), business education was regarded as breaking the socialist rules (Capitalism), and individual trading would be regarded as a criminal offence (Gallo, 2011, p. 19-29). Such a social and economic environment resulted in a serious lack of business education, and there was little research on business development during this period. Even after 1979, most of the business leaders were from the Communist Party organization; therefore most of the Chinese business leaders had a strong flavor of autocratic leadership style and communist education background.

From an economic point of view, after the open-door policy, the government slowly and gradually opened the domestic market to the world (Agarwal and Wu, 2004). However, transforming a system can be extremely slow. The Chinese economic system gradually caught up with the global economy in the early 1990s. Since the open-door policy, the Chinese economy has kept a double digit growth for more than 20 years. Many leading business groups have regarded China as the largest consumer-market in the global market, thus many large investments have been made in the last ten years (Lee and Zhou, 2000; Liu, 2006). China has gradually brought the “open market” to reality. Many state-owned firms have been privatized and merged with either domestic or foreign investors. Many government-owned firms have faced bankruptcy and privatization, which was largely caused by lack of appropriate management methods and the traditional autocratic leadership style (Li, 2009, pp. 123-126). Old lessons from the government-owned firms indicate that there is an urgent need for business management improvement, especially leadership transformation. Such rapid and dramatic changes in the business environment have made many Chinese business leaders realize the lack of effective leadership could result in serious business losses in the future (Vilkinas,

Shen and Cartan, 2009). The intensive foreign investment not only created a competitive business environment for Chinese business especially state owned forms, but also provided some great opportunities for them to learn from the West (Jiang, Chen and Liu, 2010; Liu, 2006). Change in the leadership concept was regarded as the most important topic by both central government and many local business committees (Littrell, 2002; Liu, 2006). Deng Xiaoping in particular emphasized the importance of management and leadership innovation is crucial (Zhang and Zhao, 2009, pp. 313-325). Many foreign-owned Chinese firms have already shown an advantage through their effective and efficient management methods and engaging leadership style. Many Chinese academics and business practitioners believe that learning the Western way of leading is an effective solution to the current business disadvantage (Wu, 2008, pp. 212-215). However, on the other hand, it is widely believed that Western styled business leaders should pay great attention to the Chinese culture, business beliefs and practices (Pheng and Keong, 1999; Walker, Bridges and Chan, 1996; Yifeng and Tjosvold, 2008). And in many cases the appreciation of the current Communist system (especially the leadership style) could be a crucial factor to succeed in the Chinese business world. Many academics and business leaders have questioned the suitability of direct “copy and paste” of Western leadership and management methods. As Pheng and Keong (1999) claimed, many ancient beliefs that were passed down by generations can be rather appropriate and profound. Many researchers (both domestic and foreign) (Li, Mirmirani and Ilacqua, 2009; Pheng and Keong, 1999; Selvarajah and Meyer, 2007) have placed great attention on the ancient Chinese history in order to find a more appropriate solution. Many academics (Li, Mirmirani and Ilacqua, 2009; Tuttle, et al, 2010; Wang and Satow, 1994) have claimed that to combine the best of both worlds would be the optimum. Nevertheless, there is little direct solution to the improvement of the current state of Chinese business leadership so far. Therefore, in order to find the optimum solution for the transformation from the traditional autocratic leadership style to a transforming leadership style, the research on both ancient Chinese leadership philosophies and modern Western leadership theories has to be made, and the appropriate interpretation of the current communist system and leadership style is also

a challenge for the business leaders.

1.3 (2) Leadership style in ancient China

As mentioned above, much recent research has focused on ancient Chinese leadership. However, the literature mainly focused on famous academics and individuals, such as Confucius, Sun Tzu and Lao Tzu. Many Chinese academics (e.g. Hou, 2009, Jiang, 2010;) believed that many dynasties have a mixture of leadership styles and the emperor (traditionally regarded as Son of the Heaven) is considered as the most influential leader in the overall social system. Therefore, following a historical line could be an effective way to understand the real meaning of ancient Chinese leadership. It also provides the full picture of why the ancient philosophies are still influential in modern Chinese society. China, a country with over 5000 years' history, has experienced Neolithic and 17 dynasties. Since it was firstly unified by the Qin Dynasty in 221 BC, until the destruction of the Qing Dynasty in 1912, there were around 494 emperors who have dominated and led this big country (Gascoigne, 2003, pp. ix-xi). During thousands of years of history, the leadership styles and management systems have been built, changed, and rebuilt many times, and even now some of the excellent leadership philosophies and concepts are kept and transformed into the modern businesses and political management systems (Wang and Gao, 2004). In fact, in ancient China, there were mixtures of many different leadership philosophies that have been engaged by the emperors. The representative thoughts include Confucianism, Taoism and Legalism, etc. (Jiang, 2010, p. 23). The core concept of Confucianism is to guide leaders on how to deal with the relationships between people; Taoism emphasizes that leadership is about deeply understanding the overall environment or system and driving the system without disturbing its natural track (harmonized lifestyle with nature); Legalism believes that leaders should have 100% control over the system by setting rules and regulations (ruling by legal system) (Wei and Xie, 2004). All of them played a very important role in different periods of history. There are many different combinations of

leadership philosophy and practice between various emperors. Their leadership beliefs provided a thorough insight of how Chinese leadership styles have performed and transformed in history (Feng and Bai, 2008, pp. 1-6). As many ancient scholars (Yuan, 2005, pp. 3-29) claimed, leadership is an art form of human behavior. Some of the most famous and successful emperors (leaders) in ancient Chinese history are shown below as an example of such leadership art:

Qin Dynasty (221-206 BC) –Legalism was the absolute leading philosophy

Emperor: Qin Shi Huang

In the Qin period, the emperor (widely regarded as the first emperor) placed great emphasis on Legalism philosophy (Cao, 2008, pp. 123-124). Legalism focuses on governing by law and position power (Hou, 2009, p. 68). During this period, the emperor unified China for the first time (Jiang, 2010, p.55). He believed that China has to be led as a unified system; everything has to be operated in a systematic way (monetary, measurement and laws etc.). However, due to harsh laws and extreme punishments, the country was over controlled by the central government (Si, 2008, p. 239). Many rules and regulations were very brutal for the citizens, and due to the different political beliefs (e.g., Confucianism and Taoism) thousands of academics with a different voice were killed (Jiang, 2010, pp. 62-63). The emperor only concentrated on the political infrastructure stability, but ignored the mass peoples' feeling about the government. Also the second emperor was excessively indulgent with a luxurious life style and critical policies with no understanding of people and social systems (Si, 2008, p. 239). Therefore, after two generations of ruling, the Qin Dynasty was ended by the farmer revolution (An, 2006). Later in history, many academics and researchers (An, 2006; Cao, 2008, p. 127; Jiang, 2010, p. 63) have commonly believed that the Qin emperor should not have ignored the people's feelings and treated them as slaves. Regulation should always consider and appreciate people as the majority of the system (Si, 2008, pp. 219-239).

Han Dynasty (206 BC-AD 220) - Confucianism was firstly set as the only political leadership philosophy as well as official social beliefs

Emperor: Han Wu Di

Since the painful lesson learned from the experience of Qin Dynasty, the emperor of Han dynasty was a former farmer leader, who was down to the ground and understood the importance of public relations with people in the country (Hou, 2008, pp. 31-32). He believed that people are the key driver of the government. He emphasized the famous phrase “The emperorship is like a boat, people are like the river, they can support the boat and they can also sink the boat” (Si, 2008, pp. 287-319). This made the Han Dynasty become one of the longest and most important civilized dynasties in Chinese history. During the Han period, Confucianism was widely believed, educated and applied (Hou, 2009, pp. 31-32). Confucianism belief is that loyalty and faithfulness are the most important human factor, and people should trust their emperor like a son trusting his father (Wen, 2012, pp. 68-73). It emphasized that the society has different levels of people who should be socially responsible for the overall society. Thus, Confucianism strongly encourages peoples’ innovation in both art and science (Cao, 2008, pp. 31-40). However, at the same time, the Han government still used the laws of Legalism and the infrastructure from the Qin dynasty. This kind of social environment resulted in great development in many areas (Jiang, 2010, p. 66). Paper, the compass and gunpowder were invented by Han scientists. The first global trading was also started by the Han government (Gascoigne, 2003, pp. 55-84). All of these factors made the Han dynasty become the world’s strongest country in both economic and political terms at the time (Ebrey, 2010, pp. 63-83). However, due to the thriving and prosperous situation, the later emperors paid less attention to the people and more on a hedonistic lifestyle. As a result, the Han was replaced by Tang in AD 618 after almost 400 years of civil war (An, 2006). Many academics (Cao, 2008; Hou, 2009; Jiang, 2010) agreed that the Han Empire had a positive impact on overall Chinese development. Many profound innovations and valuable literature are still influential in modern people’s everyday life. The Han dynasty greatly contrasted the Qin dynasty in terms of the impact of different leadership philosophies to the overall system. Emphasis on mass

people's feeling became the golden leadership rule on later emperors' practice.

Tang Dynasty (AD 618-907), Confucianism was officially applied; Taoist, Buddhism and many other schools of thought were also engaged as supplementary thinking
Emperor: Tang Tai Zong

The Tang dynasty is widely regarded as one of the most developed dynasties in Chinese history, both in terms of culture and economy (Ebrey, 2010, p. 108). The Tang emperors believed that people should have the freedom of thinking, and different concepts should be selected to optimize leadership impact (Jiang, 2010, p. 141). Confucianism was continuously applied as the main leadership belief by the central government (Hou, 2009, pp. 32-33). On the other hand, social, educational and political rules were based on Confucianism. Taoist, Buddhism and many other schools of thoughts were also engaged as supplementary thinking (Jiang, 2010, p. 142). As the fundamental social belief, Confucianism was applied more thoroughly and widely than previous dynasties in most areas (political, economic and social etc.). The Emperor claimed that people are the most important elements of the social network, and all the other systems have to work accordingly to people's general demands; even the Emperor has to follow the rules (Qiang, 2008, pp. 124-147). Most importantly, Confucianism became the textbook for all kinds of educational institution, which also meant that most of the governors were educated and examined in Confucianism standard (Hou, 2009, pp. 32-33). This made many other schools of thoughts less interesting to academics. Since the freedom of thinking, Buddhism beliefs came in fashion in mid-Tang dynasty, especially for the royal families (Cao, 2008, pp. 213-217). Top Monks gradually gained a great influential power to the people through religion. In many aspects, people became much more in favor of Buddhism than Confucianism in the later Tang stages (Cao, 2008, pp. 214-215). Consequently, in the later period, the Tang dynasty became an over-democratically governed country. The government gradually lost the controlling power to the local government and Tang was destroyed by one of the local military generals (Gascoigne, 2003, pp. 111-114). It is widely believed that any single leadership concept has advantages as well as drawbacks. Therefore, a suitable mixture of different concepts

could result in a much more stable system than a single choice.

Yuan Dynasty (AD 1279-1368)-The first foreign ethnic to govern the country

Emperor: Yuan Shi Zu (Khubilai)

After almost 300 years of civil wars, the Mongolians took over power; Yuan Shi Zu finally unified the country, and made the largest territory in Chinese history (Ebrey, 2010. p. 171). In the Yuan dynasty, the political beliefs were based on a mixture of Confucianism and ancient Mongolian philosophy (Jiang, 2010, p. 179). The Mongolian philosophy was based on the nomadic culture, which was a group-orientated political system. The nomadic philosophy enabled the Yuan dynasty to start with a well cooperated social and political infrastructure, and Confucianism was viewed as a key philosophy that enabled the governor a thorough understanding of the Chinese masses (Zhou, 2008, pp. 551-553). However, during the Yuan dynasty, there were many conflicts between the two cultures: the Mongolians did not blend with the mass population, but considered the Han (mass Chinese) people as their slaves because of their ruling position (Zhou, 2008, pp. 548-551). On the other hand, Chinese society has been developed for thousands years and people are substantially civilized, there were many philosophers who had greater influencing power than the Mongolian government (Zhou, 2008, pp. 548-551). Therefore the government's orientation of the Mongolian philosophy caused many conflicts between the Chinese and Mongolians which eventually led to civil war (Gascoigne, 2003, pp. 151-152; Wang and Li, 2008, pp. 533-563). The short-life experience of the Yuan dynasty showed that ignoring the mass people's feeling would inevitably destroy the ruling position. And unsolvable conflicts between the leadership group and the mass population could result in a serious failure of the system.

Ming Dynasty (AD 1368-1644) –The application of Taoism

Emperor: Ming Tai Zu

The emperors of the Ming dynasty were mostly Taoist and Confucian, and the education system was still driven by a Confucian-based infrastructure. Since many Ming

emperors had a personal belief of Taoism, they merely used Confucianism as a political tool to educate the masses (Jiang, 2010, p. 213). Taoism was engaged as a supplementary tool to the leadership philosophies. The two beliefs blended very well with each other. However Taoism took over in the latter stage of the Ming dynasty as the emperor's personal religion. As Taoism emphasized, leadership is about deeply understanding the overall environment (system) and driving the system without disturbing its natural track. In other words, the emperors have to be capable of many areas, and they have to know exactly how their system works at any time (Wang and Gao, 2004). This belief enabled the first three Ming emperors to work very hard to observe and improve their system (Hou, 2009, pp. 33-34). However, the later emperors misunderstood the core concept; they believed that a good system would work by itself, and there was no need for hard work. In the late stage of the Ming dynasty, most of governmental power passed to top eunuchs and governors (Wang and Li, 2008, pp. 564-608). Gradually, the emperor had lost his ruling power and the government was destroyed by the armed farmer revolution (Yan, 2006, pp. 193-200). In the Ming dynasty's case, it can be found that thoroughly understanding the principle of the leadership philosophy and keep obligation with the principles is the absolute basis for success. Conversely, it could result in serious loss.

Qing Dynasty (AD 1644-1911)-Another foreign ethnic to govern the country, which combined the mixture of traditional Chinese culture and its own culture together, and applied Confucianism as the main leadership philosophy as well as general social beliefs

Emperor: Qing Sheng Zu

The Qing dynasty was the other foreign ethnic (Manchu) that ruled the Chinese. However, the difference was that the Qing government had a great emphasis on the importance of harmonizing different cultures and schools of thought with Chinese people (Jiang, 2010, p. 213). It is an important lesson learned from the Yuan dynasty. From the failing case of the Yuan dynasty, the Kang Xi emperor (Qin Sheng Zu) believed that Chinese culture was so profound that foreign rulers had to engage Chinese

philosophy to rule Chinese (Han) people (Yan, 2008, pp. 67-76). Therefore the balance between Chinese and Manchurians was a crucial problem for both mass people and the central government. The Qing dynasty political system was regarded as the most harmonized system in Chinese history. The emperor believed that a successful leader has to thoroughly understand his people and followers (Yan, 2008, pp. 290-294). Confucianism was regarded as the foundation of the political, economic and social systems (Yan, 2008, pp. 67-76). From the late Qing dynasty, business people were encouraged to do business in a Confucian way, which was to systematically consider the business network within the market (Yan, 2008, p. 280). A government institution which combined Chinese and Manchurian top scholars and politicians was set as a think tank, which specialized in selection and promoting different political and leadership thoughts for the emperor (Yan, 2008, pp. 68-76). The emperor's engaging political and leadership attitude strongly promoted the multi-functional development of the overall society. By the end of the 18th century, the Qing Empire was regarded as one of the largest economic and cultural centers of the world (Gascoigne, 2003, pp. 179-204). However, due to the enlargement of political and economic power, in the later stages, the central government gradually became extremely dictatorial. The original idea of engaging different cultures and philosophy and optimizing the benefits was gradually abandoned. The emperors believed that they were the king of the world, there was little improvement to be made (Gascoigne, 2003, pp. 184-204). Meanwhile, Western people were having their industrial revolution and scientific improvement. The Qing government did not realize the happening of globalization and they refused to have any contact with other countries (Jiang, 2010, p. 241). After more than 250 years of rule, the Qing dynasty was finally ended by the modern Democratic Revolution (Ebery, 2010, pp. 262-266). Many current Chinese academics (e.g., Jiang, 2010; Yan, 2008) still believe that the Qing dynasty provided an excellent example of selecting and combining different schools of leadership philosophies and political concepts. However, such intelligent leadership beliefs should be continuously applied and transformed as the empire developed.

From the above review, it can be seen that Confucianism is the philosophy that has been frequently performed since it could educate the people to submit themselves to the rule of the emperors. Many other thoughts, such as Buddhism and Taoism were applied as supplementary terms (Jiang, 2010) to balance and resolve other social contradictions. According to research, it can be found that there are many shared concepts between the different schools of philosophies engaged by different emperors. Firstly, people are the essence, and all decision making should involve consideration of the benefit to the overall society, and people's needs and wants are the first priority. It means that leaders should consider how to motivate people and how to communicate with people in order to fulfill their needs and wants, in order to achieve the shared goals (the continuous development of the overall system). Secondly, the leaders should have outstanding personality and capability compared to average people. Such attributes include honesty, impartiality, the ability to multitask, etc. The basic capabilities that they should have include self-control, understanding the system, communicating with people, motivating people, etc. Thirdly, the leadership style should be flexible and objective, which means that the leader, should respect natural rules and regularities, and adjust their leadership style as the situation changes. Fourthly, a strategic leadership system should be applied. In other words, leaders should set mission and vision, consider the time and environment, and set rules and disciplines accordingly. The last and most important aspect is systematic thinking, which is also the foundation of ancient Chinese thoughts. It emphasizes that management is the process to achieve harmonization of the whole system through the leaders' work. The whole system includes every element in both the micro and the macro environment (Hou, 2001; Ma, 2004). These five aspects can be seen as a brief summary of the features of Chinese leadership philosophy, and they greatly influenced the leadership behavior of Chinese emperors in the history.

1.3 (3) The Communist atmosphere

The understanding of the current communist atmosphere and leadership style is also a challenge for the business leaders. As mentioned above, after the Domestic War, the Communist party took over mainland China on 1st October 1949, when China became a single party ruled socialist country. Since then the economy was fully controlled by the single party ruled central government. Before 1979, the overall mainland of China was fully influenced by Chairman Mao's philosophy, which was not only politically but also in every other aspect of the society (business, culture and social terms) (Li, 2009, pp. 27-30). It was principally following a socialism philosophy. Therefore the overall economic system was owned, planned and ruled by the central government. There was no real meaning of competition and "open markets", the same as any other socialism country all the people were working for the country and equally shared the outcomes (Li, 2009, pp. 19-26). Thus Mao's philosophy of leadership was widely engaged as the only business management theory with a strong political flavor. In the 1979, three years after the Cultural Revolution, China introduced the "open-door" policy and the economy gradually opened to the public as well as to the world. After more than 40 years of developing, China has maintained many years of double digit GDP increase. The true "open market" was finally delivered by the booming Chinese economy (Li, 2009, pp. 119-198). At the same time, politically, China is still ruled by a single party (communist party), and the economic system is majorly controlled by the government. Most of the major companies are still state owned or partially owned (with majority of shares) by the government, therefore many businesses are still strongly associated with the Communist party. Also, most of the current business leaders and politicians were born in the 1950s and 1960s; therefore they were educated by Mao's philosophy in both their education and working experience. Consequently, the leadership style in mainland China is still an autocratic leadership inherited from the Mao period. Therefore, the understanding of the current communist atmosphere and leadership style is the crucial challenge for any business operations (Harvard Business School, 2004b, pp. 31-55).

1.3 (4) Leadership style in Western countries

In terms of Western leadership theories, Western academics and researchers have a much more defined theoretical system for leadership. Many modern management masters have placed a great emphasis on the impact of appropriate leadership on the overall system (e.g., Bennis & Nanus, 1985; Covey, 1992; Deming, 2000b). Leadership plays a crucial role for all kinds of business development. As stated by the EFQM, “leaders develop and facilitate the achievement of the mission and vision”; making sure the achievement of a system’s shared mission and vision is always regarded as the constant purpose for the leaders (EFQM, 2003, p13). Deming stated “the job of a leader is to accomplish transformation of his organization. He possesses knowledge, personality and persuasive power” (Deming, 2000b, p.116). As a significant topic of organizational management, leadership has been discussed for a long time. According to Buchanan and Huczynki (2004, pp716), leadership can be defined as “the process of influencing the activities of an organized group in its efforts towards goal-setting and goal achievement”. With the transformation towards improvement of the organization, the role of managers (leaders) must be continuously transformed and improved at the same time (Bass and Riggio, 2006; Deming 2000b; Kotter, 1996).

There are countless theories which focus on leadership issues from different viewpoints, such as trait, behaviors and influence etc. (Yukl, 2013, p. 18). Some leadership theories (e.g. trait theory) focus on the differences between individuals, such as personality, knowledge, value and attitude etc. These kinds of theories entrust the success of leading to the superior personal capability (Bass, 1990, pp. 59-88). Some of the leadership theories focus on the behaviors of leader (e.g., leadership style theories), and summarize the successful leadership in different action styles (Bass and Bass, 2008, pp. 439-574). Some of the leadership theories (e.g. transformational leadership theory) focus on the systematic way of leading, which emphasizes that leaders as the drivers of the system should not only understand the system but also facilitate other members of the system to the achievement of the shared mission and vision (Bass and Riggio, 2006, pp. 1-18;

Deming, 2000b, pp. 116-120). As a result, everyone within the system understand their individual share and constantly contributes towards the overall improvement of the system. In recent years, many academics and business leaders have mainly concentrated on the systematic way of leadership: transformational leadership (Bass and Riggio, 2006, pp. 1-2). Any groups or firms is believed to be a system. By understanding the system, leaders could optimize the utility (human and assets) of the system (Covey, 1992, pp. 40-47). All the other theories could be engaged as supplementary concepts for continuous leadership development to accomplish the overall transformation of the system.

However, in reality, Chinese businesses attempt to engage Western leadership theories into practice can be extremely difficult. Without a thorough understanding of the principles of leadership, or the purpose of leadership transformation, such transformations could be costly and time consuming (Kotter, 1996, pp. 3-16). On the other hand, there are many successful stories of leadership transformation among various types of firms. Deep understanding of “the knowledge of the system” is commonly regarded as the first priority of the leadership transformation. In terms of Chinese business, many foreign business leaders claimed that doing business in China can be rather different to the Western (Brahm, 2004, pp. 9-10). Culture, social, economic and politic factors can all become issues for the business leaders. Many have claimed that the Western ways of managing a business in many cases are unsuitable for the current Chinese business environment (Harvard Business School 2004b). Some academics (eg. Wan and Wang, 2001) believe that exploring ancient Chinese leadership philosophies could be a valuable lesson to learn. However, to transform these ancient philosophies into reality could be particularly difficult, especially without a comprehensive practical framework. Logically, leaders should engage a concept because it is suitable for the situation and could solve the current problem. However, in most situations, when leaders engage a concept, it is really easy for them to understand the other’s successful fairy tale and attempt to copy it, but it is very difficult for them to understand and evaluate their own situation.

1.4 The aim of the research

In the current practice of Chinese leadership, there are many challenges and problems that need to be faced and solved: for example, the rapid changing global environment, increasing competition internationally, the urgent requirement of leadership transformation. However, from an academic perspective, there is a lack of sufficient support and research to guide Chinese leaders to investigate the possible solutions and methods to deal with the current situation. Especially, when leaders are trying to find solutions by studying Western leadership theories, they should realize that China is different to the West, not only because of the development of the economy, but most importantly because of the cultural tradition. In fact, although there are abundant literatures about leadership and transformational leadership, there is still a lack of in-depth research and analysis that is based on Chinese business. Therefore, this research attempts to thoroughly review the literature and use qualitative data from six Chinese organizations to build a bridge between traditional Chinese philosophies and Western leadership theories. It aspires to create an easy-to-understand and easily applied leadership transformation model that will initiate more in-depth studies and analysis within the academic world of Chinese leadership.

This research focuses on comparing and contrasting the modern Western transformational leadership theory with the ancient Chinese leadership philosophies. Consequently, this research will aim to answer the following questions:

- ◆ Why would Chinese business leaders need to transform from the autocratic leadership style to a transforming leadership style?
- ◆ What are the main problems of modern Chinese leadership systems?
- ◆ What are the essences of ancient Chinese leadership philosophies?
- ◆ What are the successful experiences of applying these ancient Chinese leadership philosophies?
- ◆ What are the characteristics of the Western transformational leadership theory; why

are they not suitable for the current Chinese practice?

- ◆ What are the possible solutions to effectively combine ancient Chinese leadership philosophy and Western transformational leadership theory in order to provide the most robust leadership model for current Chinese business leaders?
- ◆ How to transform the traditional autocratic leadership style to a transforming leadership style by applying such a model?

1.5 Research objectives

From the above research questions, it can be seen that this research is based on a thorough review and understanding of both the ancient Chinese philosophies and Western transformational leadership theory. Both primary research and secondary research are required. Therefore, the objectives of this research will be: firstly, explore what can modern Chinese leaders study from the ancient leadership philosophies; secondly, investigate how to effectively combine the Chinese leadership philosophy and the Western transformational leadership theory; and demonstrate how modern Chinese business and organizations could appropriately apply the excellent leadership theory to improve their management system in order to transform the traditional autocratic leadership style to transformational leadership style in China.

In order to achieve these aims, there are three main stages of objectives.

Stage one: to identify the gap and the differences

- To review the current state of Chinese leadership and identify the advantages and disadvantages of modern Chinese leadership.
- To review the literature of the ancient Chinese leadership schools, and summarize the essence of their philosophies.
- To review the literature of two modern Chinese leadership representatives:

Chairman Mao and Deng Xiaoping.

- To review the literature of Western leadership theories, especially transformational leadership theory.
- The creation of a potential leadership model at a theoretical level.

Stage two: to develop a model

- To research and analyze the similarities and differences between ancient Chinese philosophy and Western transformational leadership theory.
- To research the combination of ancient Chinese philosophy and Western transformational leadership theory.
- To contrast the result with current practice in China, thereby creating a possible solution through creating a robust model that suits the current situation.
- Discussion on how this model would transform the Chinese leadership style.

Stage three: to evaluate this model

- To evaluate the feasibility of the new model.
- To analyze the benefits and possible barriers of applying the new model.
- To provide any further improvement of the model.

1.6 Highlight the key points of each chapter

In order to fulfill the research objectives, a substantial literature review was conducted. In the literature review, the author firstly reviewed the seven most influential ancient Chinese philosophy schools, namely: I Ching, Confucianism, Taoism, Buddhism, Mohism, Legalism and Militarism, all of these schools drew the general background of Chinese culture and leadership philosophy. In addition, two of the most famous leaders in modern China: Chairman Mao and Deng Xiaoping have also been analyzed and discussed, due to their significant influence on the modern Chinese leadership system. Moreover, a brief review of Western leadership development history was carried out,

and the various definitions of leadership were addressed. Furthermore, according to the comparison, one of the most systematic and human-oriented Western leadership theory: transformational leadership shares a great common base with ancient Chinese leadership philosophies, and the main process of achieving leadership transformation was reviewed. Based on a thorough understanding of both ancient Chinese philosophies and the Western transformational leadership theory, the compare and contrast analyses was conducted. Then the initial framework of a new model was created by summarizing the theoretical background.

In the methodology chapter, the research methods were carefully designed to achieve the research objectives effectively. According to the topic of this research, qualitative research techniques were considered as the ideal method to collect primary data. There were four qualitative research techniques that were applied in this research, including multiple case studies, semi-structured interview, focus group and experts' opinion. The selection of case study samples, participating interviewees and experts were also explained. The ethics issues and how to eliminate bias in this research were also addressed.

In the data chapter, the primary data collected through the qualitative research techniques was displayed. In the chapter of data analysis, the analysis of both primary data and the secondary data (literature review) were carried out. In the discussion chapter, a thorough discussion of the answers of the research questions was presented. As a method to improve the outcomes of the research, experts' opinions were displayed to evaluate the feasibility of the new model. The advantages and disadvantages of the model, and the possibilities for further improvement of the model were discussed. In addition, the instructions for the new model's application was shown in the following chapter. A conclusion of the whole research paper and the suggestions concerning the limitations and further improvement of this research was shown.

2. Literature Review

2.1 Background

A return to ancient Chinese philosophy

After the engagement of the open-door policy in 1978, many Chinese academics gained the freedom to research various topics. Many Chinese scholars (Li, 2008; Qiao, 2008; Yan, 2011; Yuan, 2005) have discovered that ancient Chinese history and philosophy could provide many pertinent insights for modern Chinese society. At the same time, not only Chinese academics but also many Western institutions have deployed Chinese classics as textbooks material; where leadership was one of the most debated topics (Cleary, 1990; Fernandez and Underwood, 2006, pp. 4-26; Kuhn, 201, p. xiii). Increasingly Chinese managers and leaders have realized that reviewing the classic philosophy could be a profound yet practical way to solve many current problems in the business world (Cao, 2007, 1-4; Zhang, 2007, pp. 1-2). Through engagement of classical Chinese leadership concepts, many business leaders expected to gain business advantages with respect to the challenge of Western competitors (Tjosvold, Yu and Liu, 2003; Wu and Chou and Wu, 2004).

Due to the enormous pressure of the quality requirements from intensive business competition, many business leaders are seeking short-term solutions avoiding the knowledge barriers of understanding the ancient classics. Consequently, although there was an upsurge of relearning the ancient Chinese philosophy with regard to the context of business management, failure to improve is still wide spread, especially in the field of leadership, in which many leaders fail to transform their leadership style as

demanded (Dahlgaard-Park, 2006; Tjosvold, Yu and Liu, 2004; Wu and Chou and Wu, 2004).

However, many authors (Dahlgaard-Park, 2006; Tjosvold, Yu and Liu, 2004; Wu and Chou and Wu, 2004) still believed that ancient Chinese philosophy is rather conceptual, lacking a frame work and is difficult to capture and apply in modern practical terms. Some of them (Wu and Chou and Wu, 2004) have argued that in the ever-changing global business environment, a quick start kit and simply structured frame work is needed. In other words, in many business leaders' eyes, the understanding of ancient Chinese philosophy and translating it into modern methods of leadership practice could be time-consuming and difficult to apply with an unclear structure. In fact, there is hardly any sound framework existing that transforms the current Chinese leadership practice in business (Yuan, 2005, pp. 3-6; Zhang, 2008b, pp. 1-2).

The practice of applying Western leadership theories

On the other hand, Western management science is thought to provide the most matured, effective and advanced guidance for Chinese business facing the force of globalization (Agarwal and Wu, 2004; Harvard Business School, 2004b; Wang, 2010). After the economic reforms of 1978, Chinese GDP growth has had an average of more than 9% growth each year for the last 30 years via manufacturing and trading worldwide. Through trading, learning and cooperating with Western industries, many Chinese managers understood the managerial advances and strengths of Western organizations (Gerzon, 2007).

However, after many years of practice since the late 90s, gradually managers and business leaders found that within China the situational climate is in many cases rather

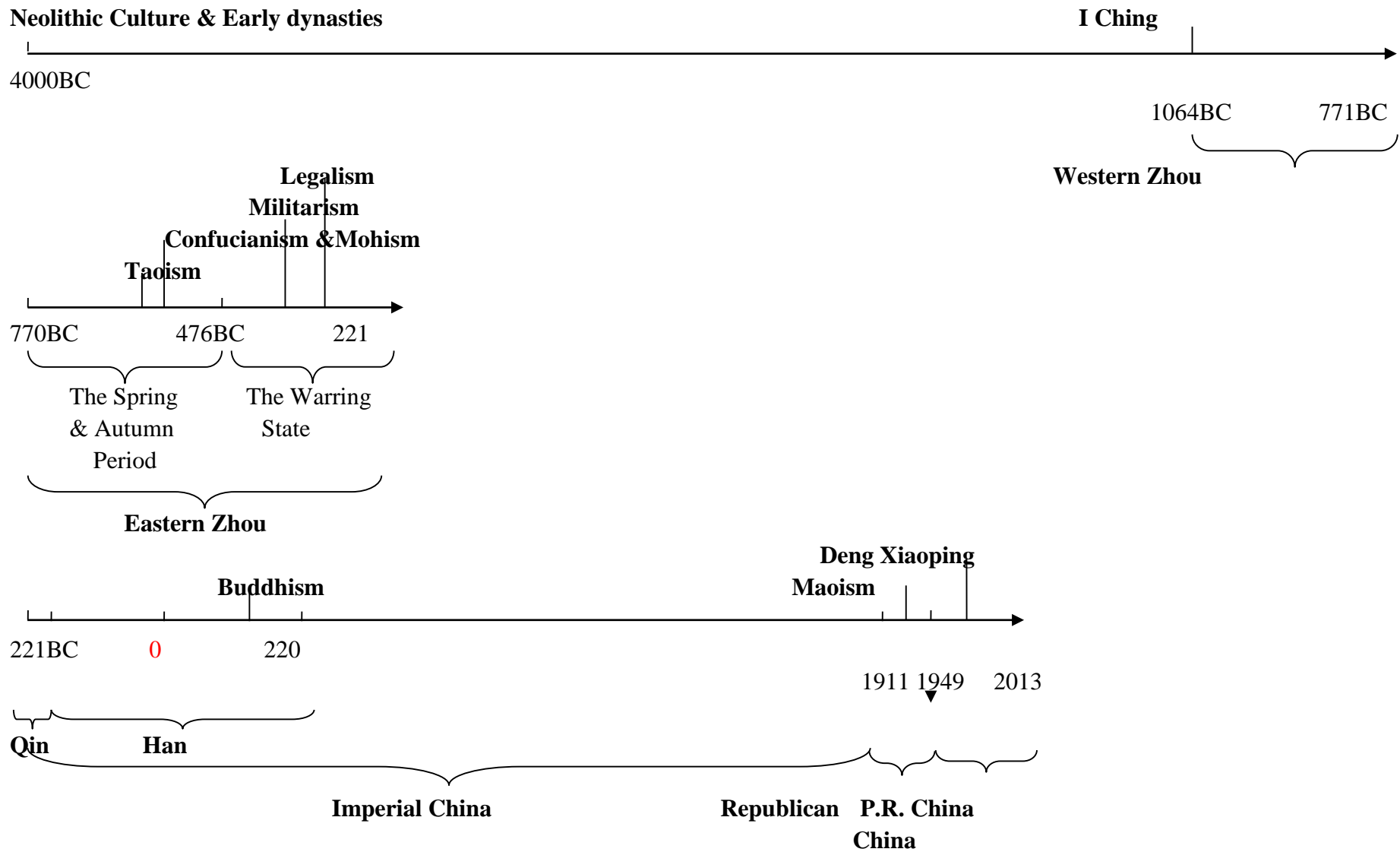
different to many taught Western case studies (Fang, 2006). Direct “copy and paste” and “quick fix” mentality, as taught in many Western styled Chinese business schools, failed to support the Chinese organizations to gain advantages against rapidly increasing global competition (Garg and Ma, 2005). Similarly as claimed by many Western scholars and business practitioners (Deming, 2000b, pp. 22-48; Greenleaf and Spears, 1998, pp. 4-5) such problems also exist in Western business practices. The Western leadership theories in particular, as a profound philosophical concept are even more challenging for many Chinese business leaders to engage with in a relatively short period of time (Conte and Novello, 2008; Jacobs, Guopei and Herbig, 1995; Zeng, 2009, pp. V-VI). Thereby, the core of the problem focused on investigating a possible way to combine and balance the ancient Chinese philosophies with Western leadership theories to overcome the difficult situation within current Chinese leadership.

Based on above situation, this literature review will first systematically review the seven most important and influential philosophies of ancient China, including I- Ching, Confucianism, Mohism, Taoism, Legalism, Militarism and Buddhism. Secondly, the two most influential leaders in modern China, namely, Chairman Mao Zedong and Deng Xiaoping will be reviewed, because of their extraordinary influence on modern Chinese social, political and economic systems as well as the current generation of leaders and the general population. Moreover, a holistic review of Western leadership theory especially “transformational leadership theory” will be made. Through a thorough analysis of the theory, a transformation process including the ten core concepts of leadership will be illustrated in order to draw comparisons with Chinese leadership philosophy. Based on the comparison and contrast, a new model will be created to combine the advantages of both parties in an attempt to solve the current problems and to transform the Chinese leadership practice.

2.2 Leadership philosophies in ancient China

The pre-Qin period was a significant historic period in ancient China. “One hundred schools” appeared in this period, and each of them had unique philosophies concerning the universe, society and humanity. As it can be seen from the timeline (Figure 1) the Western Zhou dynasty was the establishment and consolidation stage of the ancient Chinese civilization (Ebrey, 2010, pp. 38-43). The Eastern Zhou dynasty was the decomposition and subversion stage of this system. To this extent, people in the pre-Qin period, especially in the Spring Autumn and the Warring States periods began to evolve a variety of solutions to the problems associated with the social, economic and political systems and rebuild a more centralized civilization (Cao, 2008, p. 2). Moreover, the five most powerful vassal states in the Spring and Autumn period or the seven strongest vassal states in Warring States all required a feasible way to make their own states become more substantial both geographically and militarily and thus eventually take over the others (Cao, 2008, pp. 2-5). As a result, many thinkers and politicians were widely promoted and in demand by the states’ governments, and so, during this pre-Qin period, many important thoughts and schools in Chinese history appeared (Cao, 2008, p. 2; Yi, 2009, pp. 147-175). More details of the historical background of the appearance of “hundred schools” can be found in Appendix II.

Figure 1 Timeline of the main thoughts in China



In this research, the review of these ancient Chinese philosophies mainly focuses on the leadership aspect, and the six most influential and famous schools were selected due to their significant and existing impact on modern Chinese social behavior (Cao, 2008, pp. 1-8; Hou, 2009, pp. 1-2). According to the main character of the six schools, they are divided into the concept aspects and strategy aspects, the concept aspect includes Confucianism, Taoism, and Buddhism, because of their widely recognized moral and philosophic influence throughout history to the modern day (Ebrey, 2010, pp. 48-52). The strategy aspect includes Mohism, Legalism and Militarism, because compared to the other three schools, they concentrate more on moral behavior and strategic thinking (Ebrey, 2010, pp. 52-55).

I Ching (*The Book of Change*) is widely regarded as the most fundamental and influential classic philosophy in ancient China that emphasized the importance of both concept and strategy (Chok, 2006, p. 3; Hou, 2009, p. 129-133). I Ching was formed in the Western Zhou dynasty, which was several hundred years earlier than the other schools, and it is widely regarded (Hou, 2009, pp. 129-133; Jiang, 2010, pp. 17-19) as the basis of other schools. Therefore, the review of ancient Chinese philosophy will begin with I Ching (Chok, 2006, p. 3-5; Huang, 1998, p. 500).

2.2.(1) I Ching

The main thought and philosophy of Ching (truth) was summarized in the book named I Ching (or *Zhouyi*, *The Book of Change*) (Huang, 1998, p. 2). I Ching concentrated on ancient Chinese people's understanding and investigation of the universal rule of life: "the constancy of change (transformation)" (Chok, 2006, p. 3). Originally, it was used for the purposes of divination and prediction of the future (there are 64 symbols and each of them represents a unique situation); however it was later interpreted as the

guidance of the systematic interdependent relationship between humanity and nature (Hou, 2009, pp. 129-133). I Ching presents the following philosophies: nature is developing in constancy of change; society is transforming by following the changes in nature; all change follows the basic rules of nature; people need to understand the basic rules and use strategies in order to adapt to the change in nature and thus transform society accordingly (Cao, 2008, pp. 41-46; Hou, 2009, pp. 129-133; Huang, 1998, pp. 1-3).

In Chinese contexts, I Ching was highly praised for thousands of years throughout the history of Chinese and into the present day civilization, and many different scholars and practitioners tried to interpret I Ching from various dimensions (Cao, 2008, pp. 45-46). Confucius is one of the most famous philosophers who regarded I Ching as the fundamental basis of Confucianism, and various works of Chinese history have recorded the significance (e. g., *Records of the Historian*) that Confucius accorded to I Ching (Cao, 2008, p. 42; Chok, 2006, p. 4). The core concept of I Ching is the interpretation or understanding of the constancy of change, which not only provides an understanding of change as a universal rule of human civilization, but also presents an intriguing insight into the present debates on transformational leadership.

With a brief review of I Ching, the three concept aspects of ancient Chinese schools (Confucianism, Taoism and Buddhism) will be introduced and discussed first, in order to deliver a fundamental understanding of the influence philosophy of Chinese history on modern life.

2.2.(2) Confucianism

Introduction

Famous for enshrining traditional Chinese values, Confucianism has substantially affected Chinese history, politics, society, culture and education for over 2500 years. Confucianism is believed to be the backbone of Chinese philosophy and it plays a pivotal role in guiding Chinese thinking and behaviour (Zhang, et al, 2011, p. 476). Into the modern day, many of the core values of the Confucian school are still regarded as a priority of leadership practices, such as the evidenced leadership in Chairman Hu Jintao's belief in the creation of a harmonized society as being the first political priority of the Communist party (Cheng and Xia, 2012, pp.19-22; Liang, 2012, pp. 21-28). The originator of Confucianism was Confucius (Appendix III), who was a great philosopher, thinker and educator (Hou, 2009, p. 13; Jiang, 2010, pp. 24-27). The Confucianism text (The Analects of Confucius) was later formed by his students to record his thoughts during his lifelong "journey of persuasion" (Jiang, 2010, p.26).

Confucian core concepts

There are many philosophical concepts in the Analects of Confucius that are strongly linked with leadership contexts. The core of Confucius' leadership thoughts are benevolence (*ren*), ceremony or ritual (*li*) and trustworthiness (*xin*). Firstly, Confucius believed that as a leader, one of the most essential concepts is that the leader must love the followers who he or she leads, and would like to collaborate with them in a shared mission and vision (Wen, 2012, pp. 22-23). In addition, as Confucius claimed with the idiom of "*Ke Ji Fu Li*, meaning discipline of one's self and respect for ritual propriety", before the leader leads the others, he or she should self-assess frequently and intensively

communicate with the followers at all levels within the organization (system) in order to align the shared mission and vision and consequently collaborate with each other (Wen, 2012, pp. 23-25 & p. 157). Moreover, the leader should carefully choose people who have appropriate capabilities with adequate moral values to compose a team thus forming an overall system, and discipline to fulfil the shared vision and mission of that system (Cao, 2007, pp. 2-38; Wen, 2012, pp. 22-30).

Instead of criticism, Confucius thought, it is very important to coach and educate followers who are relatively weaker than others. In this case, both followers and the leader facilitate and encourage each other, and the relationship between leaders and followers will be “respectfully harmonized”. That is the key meaning of “benevolence” (Cao, 2007, pp. 160-170; He, 2009; and Hou, 2009, pp. 6-7; Wen, 2012, pp. 22-30). Confucius also pointed out that ceremony and ritual are significant complement of benevolence.

Ceremony and ritual are regarded as social rules and regulations that act as common (or unwritten) law of society and the consequent rule (e.g., *Jun Wei Chen Gang*: ministers must respect their emperor as guidance; *Fu Wei Zi Gang*: children must respect their father as the source of guidance; and *Fu Wei Qi Gang*: wives must respect their husbands as the source of guidance) (Wen, 2012, pp. 22-30). In Chinese history, ceremony and ritual formed the core discipline of traditional culture; it was a moral and ethical code in forming the rules and regulations of society and ritual activities (e.g., Sacrifice ceremony, Wedding ceremony and Funeral ceremony) (Cao, 2008, p. 52). The invisible effect of ceremony and ritual are still significant in modern China; part of its meaning has evolved as civilization progressed. Originally, ceremony was based on the Western Zhou laws, the principle of ceremony is that people within the system should

respect that there are different levels within the system, and leaders of the system should be respected and trusted (Cao, 2007, pp. 84-115; Hou, 2009, pp. 17-19).

In fact, to emphasize the importance of ceremony is to emphasize that hierarchy is the fundamental enabler for any political system to centralize power. All the members of the system should follow the arrangement of each hierarchy and should strive to balance the power of each hierarchy. As the result, the overall system can operate in synchronization (Hou, 2009, pp. 17-19). Hierarchy and a bureaucratic system is another inevitable outcome of ceremony which is the basis of more than 2000 years of a feudal society, which still has a significant influence on the modern Chinese political system as well as leaders' behaviour (Cao, 2007, pp. 84-115).

Respect and trustworthiness is another important core aspect of Confucius' concept of leadership. He thought that to establish trustworthiness is significant to any leadership practice. By gaining the trust of the followers, a leader could generate respect and support from followers (Cao, 2007, pp. 84-115). Respect and trustworthiness is also viewed as the prerequisite for any collaborating relationship between leader and followers (Yu, 2008, pp.63-78). The concern of benevolence, ceremony and trustworthiness should be operated collectively by the leaders with the intention of rebuilding or transforming an organization as a system. (Cao, 2007, pp. 84-115; Fang, 2006; Li, Mirmirani and Ilacqua, 2009).

Development of Confucianism

The evolution of Confucianism has taken place over more than 2000 years, and many Confucian scholars and politicians made various interpretations according to the differences of each dynasty (Appendix IV). Until the current era, scholars still made different interpretations associated with the current social scenarios (Cao, 2007, pp. 84-115). Historically, there are two additional important Confucianism masters that need to be considered who played fundamental and substantial roles, namely Mencius and Xun Tzu (Hou, 2009, pp. 20-31).

Contribution of Mencius

Mencius was living in the Zou vassal state in the Spring and Autumn Period, and he had been to the Lu vassal state and studied Confucius' thought from the successors of Confucianism (Mencius, 2004, pp. viii-xi). Based on Confucius's thoughts, he made an great important contribution to the philosophy of Confucianism (Mencius, 2004, pp. x | v-x | vii). In terms of leadership concepts, the core of Mencius's thought is benevolence, the importance of followers and hardships and tribulations of the leader (Xiang, 2000, pp. 31-36). As with Confucius, Mencius also realized the significance of benevolence in leadership practices with followers, but instead of following the ceremony and ritual system (hierarchy system) he thought that leaders should recognize followers' potential capability and need of appropriate empowerment within the system (Xiang, 2000, p. 31).

Fundamentally, a leader who has completely lost the goodwill and trust of his followers, will lose the follower's support in time of war. Consequently, the leader and his leadership may be overthrown by the overall system. On the other hand, a leader who

has sincerely respected his followers, would be supported by them with loyalty. Thus, the leader and the overall system would be invincible (Creel, 1953, p. 82). Therefore, leaders respect the capabilities of the followers and understand their needs and requirements, and make sure the mission and vision are unified and shared by all the group members, and most importantly they gain trust through appropriate empowerment (Cao, 2007, pp. 115-121).

Moreover, another important thought of Mencius is that leaders should go through hardships and tribulations and prepare for any possible challenges with the understanding of the ever changing environment (Xiang, 2000, pp. 31-36). As he said “adversity makes men prosper, adversity is a good schoolmaster” (Hou, 2009, p. 24). Constant vigilance and hard work towards any changes of the system, is an essential prerequisite for any leadership practice. He believed that if a leader was satisfied by being in a comfortable environment without the awareness of the ever changing environment outside, then the system will be destroyed in a matter of time. In short, Mencius’ thoughts place people as the first important element in any human system and his thoughts are fairly democratic and systematic. He emphasized the awareness of ever changing environment, and the importance of empowerment and trustworthiness as the most important aspects of leadership practices. (Cao, 2007, pp. 115-121; Chan, 1963, pp. 49-83; Creel, 1953, pp. 68-94; and Xiang, 2000, pp. 31-36)

Contribution of Xun Tzu

As another most influential master of the Confucianism school, Xun Tzu was living in one of the strongest vassal states named Zhao in the late period of the Warring States (Wen, 2012, p. 58). He did not only make a great contribution to Confucianism, but he is also viewed as a synthesizer of many schools (Norden, 2011, p. 164). Although he is

a representative of Confucianism, his thoughts also created much of the valuable enlightenment of Legalism; the great master of Legalism Han Feizi was his student, and he later became the founder of the political and legal system of the Qin Dynasty (Cao, 2008, p. 123).

In terms of leadership, Xun Tzu's central concepts highlighted three major factors, ceremony and ritual, the interdependent and complementary relationship between ritual and law, and the empowerment of the elite (Cao, 2008, 120-123; Hou, 2009, pp. 27-31). Similar to Confucius, Xun Tzu pointed out that ceremony and ritual, respect for the system of hierarchy are the fundamental basis of the leader and follower relationships (Xiang, 2000, pp. 39-40). Any social groups should be viewed as the infrastructure of a system under the common law, different levels of hierarchical system should be respected (Cao, 2008, p. 122). In other words, leaders should respect their followers and followers should trust their leader. Every member of the system should behave according to the common law thus the overall system would continue to improve and harmonize. This behaviour is regarded as ceremony and ritual (Hou, 2009, pp. 28-29). The rules and regulations should be introduced as an essential standard of human behaviour within the system, which would fundamentally harmonize the interrelationship between the members of the system (Cao, 2008, pp. 121-122).

He highly praised a centralized system, and he thought that the "supreme power" should be controlled and divided by the "supreme leader" to different levels of the hierarchy, and the order of the system should be maintained according to the common law (Hou, 2009, pp. 28-29). In other words, he realized that appropriate empowerment is an important aspect of leadership practices. He also considered that to achieve these goals: ceremony, rules and regulations are needed. He claimed that "all humans are born evil"

contradicting Confucius' belief of that "all humans are born kind hearted". Therefore, people must be constrained and controlled by law (Cao, 2008, pp. 121-122; Chan, 1963, pp. 128-135; Wen, 2012, pp. 58-60).

He also warned the danger of over punishment which could be a leadership disaster in the social context. He emphasized that it is much better to over reward people than over punish people. Empowerment and recognizing people should be engaged as the essential aspects of leadership practices, otherwise the followers will lose their trust and become psychologically dissatisfied, and subsequently the system could face potential crisis (Hou, 2009, pp. 28-29).

Finally, he demonstrated the importance of the empowerment and engagement of the elite group (Li, 2008, pp. 78-80). He claimed that different people with various capabilities should be selected as elites of associated subjects. It is the leader's responsibility to recognize the elite with appropriate selection (Cao, 2008, pp. 122-125). He thought that every elite must be appropriately empowered and appointed, which could optimize their potential to support and enable the leader to achieve the shared vision and mission and thus benefit the overall system (Hou, 2009, pp. 29-31).

Compared to Confucius' and Mencius's failure and disappointment in politics, Xun Tzu was somewhat fruitful in his political career (Hou, 2009, 26-27). Consequently, he obtained better opportunities to practice his concepts of leadership and to develop them to be more practical and realistic, whereas the thoughts of Confucius and Mencius are relatively idealistic (Creel, 1953, pp. 115-134; Hou, 2009; Luo, 2007, pp. 119-133; Wen, 2012, p. 60; and Xiang, 2000, pp. 36-40). In conclusion, Confucianism is widely agreed

to be the cultural and moral symbol of China even in modern times, and it has guided Chinese leaders for over two thousand years (Cao, 2008, pp. 95-115; Hou, 2009, p.2& pp. 31-32; and Vilkinas, Shen, and Cartan, 2008; Wen, 2012, pp. 22-23).

2.2.(3) Taoism

Introduction

As another famous native philosophical school, Taoism has played an ultra-important role in thousands years of Chinese history, and it shows another aspect of philosophy and the conceptual world of Chinese civilization (Wen, 2012, pp. 28-30). There are two representatives of Taoism, namely Lao Tzu and Chuang Tzu (Nancarrow, 2009, pp. 24-35; Wen, 2012, pp. 28-30).

Lao Tzu core concepts

The originator of Taoism was Lao Tzu who was living in the Chu vassal state in the Spring and Autumn Period. There was a famous book called “Tao Te Ching”, which was written by Lao Tzu and his student to record his philosophy in text (Hou, 2009, p. 50). The whole book contains only 5000 words, but it is very profound and represents the quintessence of Lao Tzu’s thoughts (Chen, 2005). Basically, Lao Tzu’s thoughts are very dialectical, and he combined the yin and yang thoughts from “I Ching” (Wen, 2012, pp. 39-41).

In terms of leadership, he had six key thoughts. Firstly, he believed that people’s nature at birth is kind (similar to Confucius, opposite to Xun Tzu’ opinion), and the natural

desires lead to the pursuit of fame and wealth in human society (Hou, 2009, p. 41). Therefore, adequate guidance of people's desire is the fundamental basis to ensure the stability of a system. Secondly, he thought that the best leadership approach is to govern by not disturbing the overall system but facilitating it to run through its natural cycle (ruling by doing nothing) (Cao, 2008, pp. 113-114). That is because every system has its own laws and regular patterns, and the leader should follow its natural cycle rather than break or disturb the rules by force (Jiang, 2010, p. 29). He explained such thought by an example; he said that leading a big country is like cooking small fishes, if the chef flips the fishes roughly and randomly, then the original shape and taste of the fish will be lost (Ma, 2006, pp. 194-196). Thirdly, he promoted the importance of fairness, and this is the other important leadership aspect that needed to balance and stabilize a system. Also he realized the significance of following the rule of yin and yang. It is all about balancing the system and maintaining the continuity of the system (Liu, 1988, pp. 94-95). The leader has the responsibility of observing, understanding and facilitating these, and leadership is about balancing with a constant purpose (Ma, 2006, pp. 92-94). Moreover, he said that when a leader faces opposition or difficulty to control followers, he or she should avoid direct conflict with them, and deal with them by considering appropriate strategies that favour mutual benefits (Lao, 1993, p. 68). Finally, he disagreed with leading people by tough measures, because this may cause strong dissatisfaction and reaction in followers. He emphasized leadership should be performed as soft as water thus as strong as water in the long run (Hou, 2009, pp. 56-57; Lao, 1993, pp. 31; Ma, 2006, pp. 101-104; Pheng, 2003).

Chuang Tzu core concepts

Based on the thoughts of Lao Tzu, Chuang Tzu made significant supplementary contributions to perfect the Taoist philosophy. Chuang Tzu lived in the Song vassal

state and he was of the same generation as Mencius (Yu, 2007, pp. 1). There are two great developments that he made for Taoism especially in leadership. First of all, he agreed that leaders should let the system operate by its own rules and cycles without over intervention and interruption, but he also mentioned that the leader should encourage and empower elite people to work accordingly and efficiently and as a result to facilitate the constant operation of the system (Hou, 2009, pp. 58-59; Wen, 2012, pp.48-55; Yu, 2007, pp. 108-109 & pp. 116-118). In other words, he emphasized the importance of leadership in terms of encouragement and of following empowerment at all levels of the system. Also, Chuang Tzu pointed out that the leader should engage different leadership strategies according to the ever-changing environment. To benefit the system in the long-term, the constant development process should never end (Palmer, et al., 2006, pp. 106-127; Wen, 2012, pp. 54-55). In Chinese history, Taoism can be seen as the second important school (Appendix V), the application of Taoism was always circumlocutory (Pan and Yu, 2001; Qi, 2007).

2.2.(4) Buddhism

Introduction

Buddhism originated in India, and spread to China in the Han dynasty. After Buddhism came to China, the sutras were translated and different sects were divided and combined with local culture, which finally gave rise to a unique Chinese form of Buddhism namely Zen (*Chan Zong*) (Cao, 2008. p. 213). The name of the school means meditation (Chan, 1963, p. 425). Until the Tang Dynasty (618-906 AD), Zen Buddhism was formed and flourishing especially in the Tang imperial families. As a result, the philosophy of Buddhism gradually influenced Chinese culture (Jiang, 2010, p. 141). There were many classic sutras of Zen Buddhism, it was the founder Zen Buddhism Hui-neng (638-713) who wrote the Platform Sutra of the Sixth Patriarch (*Tanjing*)

which was the only sutra of the Chinese Buddhist classics to be authored by a Chinese monk (Jiang, 2010, pp. 162-164; Wen, 2012, p. 98). In this classic sutra, there are some important thoughts that could be applied to leadership philosophy.

Zen Buddhism core concepts

Firstly, leaders should be generous and deal with conflict peacefully and actively through systematic thinking. Secondly, leaders should understand their followers' needs and wants, and thus build consonant relationships with them. Thirdly, leaders should treat people equally, and respect them. Finally, leaders should not put their own interest first; but they should continuously develop themselves, and thus the followers will respect and entrust their leaders and hence follow their direction (Chan, 1963, pp. 425-400; Hou, 2009, pp. 98-103; Wen, 2012, pp. 97-103).

Relationship between Buddhism, Taoism and Confucianism

From the Sui-Tang period (581-907 AD), the three main schools: Confucianism, Taoism and Buddhism were sequentially well established as the main stream of Chinese social culture, during the following thousand years they developed, merged, split, and re-formed (Cao, 2008, pp1-6). With Confucianism finally being chosen as the principle philosophy of Chinese culture by both leaders and people, ultimate sanction by the wealth of case studies meticulously documented catalogue and handed down by a very long coherent and studied history. Taoism and Buddhism became the moral complement of Confucianism, which left an indelible mark inside the heart of the Chinese people and culture for hundreds of generations (Jiang, 2010, p. 141).

2.2.(5) Mohism

Introduction

As the first opponent of Confucius, Mo Tzu (Appendix VI) created the Mohism school which was as influential as Confucianism in the Pre-Qin dynasty (Fung, 1976, p. 49).

Mohism core concepts

Mo Tzu's main thoughts on leadership includes unification, the appointment of the elite and encouragement of frugality by avoiding extravagance and waste. There are two aspects to the meaning of unification, one is the unification of thought and the other is centralization of power: to unify people's thoughts is a prerequisite or condition for centralizing power (Hou, 2009, pp. 114-115). He believed that in this case, people in a system are united as a whole. Through understanding, believing and respecting each other, people collectively created a holistic system directed towards the achievement of a shared purpose. Subsequently, there would be no more disputes and wars within such a harmonized social system (*Jian Ai*, Universal love) (Chan, 1963, pp. 213-217). To achieve this aim, Mo Tzu pointed out some strategies. Firstly leaders should punish and reward followers accordingly in order to help them understand that any behaviours which disrupt the operation of the system will be punished and reversely will be rewarded. Secondly leaders should promote a smooth dialogue (both functional and psychological) in order to achieve unhindered vertical and horizontal communications between leaders and followers. Open communication channels and the flow of information are seen as the most critical enablers for the operating system (Hou, 2009, pp. 114-116). As with Confucianism, he also realized that to appoint and empower people with the appropriate capabilities to deal with this area would optimize the

efficiency and effectiveness of a system (Cao, 2008, p. 119). In addition, encouraging frugality is an essential leadership concept of Mo Tzu. He claimed that as a leader of a system, any extravagance and wasteful behaviour could be a serious cause of disturbance to the followers and may potentially lead to turbulence within the system, because the followers may conclude that a leader's extravagant and wasteful behaviours were funded by the sacrifice of their interests (Chan, 1963, pp.227-228; Hou, 2009, pp. 117-118; and Yi, 2009, pp. 44-45). Therefore, leaders should at all times prioritise the welfare of the overall system.

2.2.(6) Legalism

Introduction

Legalism was created later than Confucianism, Taoism and Mohism at the end of the Warring states period (Appendix VII), but since the time it was initialized as the political principle of the Qin Dynasty, it changed the course of the history of the Chinese legal system (Wen, 2012, pp.60-62). The clear and significant benefit gained through the establishment of Legalism, almost every dynasty in Chinese history comprehended their legal system accordingly. The importance of governing by law became a fundamental basis for the Chinese political system, and to this day “rule by the law” and “rule of the law” are still regarded as the basic political principles of the Chinese government (Cao, 2008, pp.123-125) (Appendix VIII). Through the longstanding development and transformation of Chinese civilization, the many unique concepts of Legalism have formed a sophisticated philosophical system, including both ruling by law and political strategies (Jiang, 2010, pp. 52-54).

Legalism core concepts

The most famous representative of Legalism is Han Feizi, who was living in the Han vassal state in the late Warring States period, the Han vassal state being one of the seven strongest vassal states at that time (Yi, 2009, p. 112). The main thoughts of Han Feizi included law, strategies and influential forces (Jiang, 2010, p. 54; Yi, 2009, pp. 129-134). Because Han Feizi was the student of Master Xun Tzu, he followed Xun Tzu's opinion that human nature is evil, therefore advocating strict laws to rule people (Cao, 2008, p. 125). He considered that ruling by laws could provide a fair and unified legal framework for the leader to control and harmonize the overall system, thus increasing the working efficiency of governance (Wen, 2012, pp. 60-62). Fundamentally, he maintained that reward and punishment accordingly are effective methods to support the authority of the law and the legal system. Once the law has been established, leaders should not make unconsidered and frequent alterations, otherwise the authority of law would be regarded as capricious and thereby diminished (Zhang, 2007, pp. 3-29).

In terms of strategies, Han Feizi said that leaders should use strategies to lead followers, for instance, the leader should pay great attention to the formation and deployment of strategy by frequently communicating with mutually concerned followers, with a positive attitude toward the suggestions (Zhang, 2007, pp. 189-123). In addition, the supreme power and influence should be centralized in the top leader's position, who would then empower different leadership levels accordingly thus emphasizing the importance and meaning of hierarchy in terms of national level governance (Cao, 2008, pp. 85-88). Han Feizi's thoughts provided a consolidated and fundamental basis for the development of Legalism. Another point that is relevant within the context of leadership as a counterpoint to the legal system is the understanding of the importance of satisfying followers' interests in order to harmonize and stabilize the overall social system. In fact,

Legalism's thoughts provided direct and sound governance and a legal infrastructure to strengthen and support the state through regaining social order. In the Pre-Qin period, especially that of the Warring States, every feuding state eagerly desired to enhance their own strength and power in order to fight and to annex other states.

2.2.(7) Militarism (Su Tzu and his Art of War)

Introduction

Sun Tzu was living in the Qi vessel state in the Warring States period. He is regarded as a famous militarist and strategist (Jiang, 2010, p. 32). His book "The Art of War" recorded many of his profound strategic thoughts. These strategic insights also provide many philosophical considerations for modern leadership practices (Wen, 2012, pp. 62-66) (Appendix IX). There are 13 chapters in this book, including the famous 36 strategies in war, which illustrate the ancient Chinese people's wisdom in dealing with enemies and overcoming difficult and dangerous situations (Fang, 2006; Qiao, 2008, p. 134-138).

Militarism core concepts

He considered that the most important method to solve conflicts between states is not fighting but strategy (Wen, 2012, pp. 62-63). Sun Tzu's strategies not only provided a detailed framework and practical approaches, but also demonstrated a valuable realistic and dialectic philosophy at a conceptual level. From the aspect of leadership, there are three essential thoughts noted by many authors (Fang, 2006; Qiao, 2008, p. 134-138; Wen, 2012, pp. 62-63).

The first one is the importance of self-assessing and to assess the environment of the system correctly. One of his most famous sentences is “people who know the enemy and himself will never in a hundred battles be at risk (*zhi ji zhi bi, bai zhan bu dai*)” (Wen, 2012, p. 63). This means leaders should have the ability to understand themselves as well as the overall system, thus to make the correct decision by engaging the appropriate strategies according to the situation.

The second important thought is to understand that the environment is forever changing. All the decision making and strategies applied should be transformed by following the natural of environment change. Sun Tzu said that “as water retains no constant shape, in warfare there is no constant condition (*shui wu chang xing, bing wu chang tai*)”. In this case, leaders are required have the sensitivity of and adaptability to change, and have the ability to lead the change of their system through alignment with its followers (Jiang, 2010, p. 33; Wen, pp. 62-64).

The last but most important thought of Sun Tzu is to understand the importance of psychology, and to apply it appropriately. There are many sound examples of applying psychology successfully in Sun Tzu’s 36 strategies. One of the most famous strategies is “The empty city stratagem (*Kong Cheng Ji*)”. This strategy demonstrates that if you show that there is absolutely no defence for your city, and you just open the city gate to display your vulnerable situation to your suspicious enemy, they assume that you are cheating them by hiding your powerful army (Fang, 2006). This strategy tells that even if the situation is truly vulnerable, a deliberate display of weakness can confuse the enemy, and in this case less is more.

2.2.(8) The summary of the schools

Table 1 The main leadership philosophy of each school (concept aspect)

Schools Thoughts	Confucianism			Taoism		Buddhism
	Confucius	Mencius	Xun Tzu	Lao Tzu	Zhuang Tzu	Hui-neng (Zen Buddhism)
1	Benevolence	Benevolence	Ceremony	Control people's desire	Encourage elite people	Be generous and having systematic thinking; dealing with conflict peacefully and actively
2	Ceremony	The importance of follower	Complementary relationship between ceremony and law	Ruling by doing nothing (following the nature cycle)	Transforming of strategies to following the ever changing environment	Understanding followers needs and wants,
3	Trustworthiness	Hardships and tribulations of leader	Appointment of elite	The importance of fairness		Treating people equally and respecting them
4	People are born as kind	People are born as kind	People are born as evil	following the rule of yin and yang		Continuously develop leaders themselves
5				Using strategies to deal with problems and avoid direct conflict		
6				People should not be led by tough measures		

Table 2 The main philosophies of schools (strategy aspect)

Schools Thoughts	Mohism	Legalism	Militarism
	Mo Tzu	Hanfei Tzu	Sun Tzu
1	Unification (centralization of policy& unify people's thoughts) By punishments and rewards By communication	Law: easier to control and ruling followers; clearly punishments and rewards; to make sure the authority of law	Importance of self-assessing and system analysis
2	Appoint people with appropriate capabilities	Strategies, especially communication strategy, neither too kind nor too harsh	Environment is forever changing; decision making should follow on the change
3	Saving, no waste	Power should be set differently in different hierarchy level	Understanding the importance of psychology

The six ancient Chinese philosophies are based on different opinions and understandings, but they still have many shared philosophical themes which are still highly valuable in modern Chinese leadership philosophy and practices (Table 1 and Table 2). The main common points of these philosophies include: trust, collectivism, shared mission and vision, empowerment, understanding followers' needs, communication, learning, motivation (punishment and reward), psychology, strategies, engagement and the holistic view of a system, etc. (Fung, 1976, pp. 1-15).

2.3 The leadership of Modern China

2.3.(1) The Leadership of Chairman Mao

As many authors claim (Feng, et al., 2011; Ming, 2003; Short, 2010; Wilson, 2011), Chairman Mao Ze Dong is regarded as the greatest philosopher, thinker, politician, militarist and most importantly, the greatest leader of 20th Century in China. However, on the other hand, many other authors (Gao 2005; Meng, Yang and Hu, 2009; Terrill, 2006; Xie, 2006) also argue that Mao as not only the creator and developer of the Chinese communist party but also an evil dictator for the Chinese people in the 60s to 70s during the period of the Cultural Revolution. It is very hard to judge Mao as just right or wrong. However, he is widely seen as the most influential leader in modern China's history. This influence is deeply embedded within the modern Chinese political system, since China is ruled by a single party political system, the influence is greatest on people who were born in the 50s, 60s and early 70s.

Mao's leadership beliefs

The development process of Mao's leadership can be seen in Appendix X. In general, there are five major leadership beliefs of Chairman Mao which have been reviewed by different authors.

1. **Transformation.** Mao had a strong belief in transformation, he launched and experienced several major Chinese revolutions in the 20th century. His belief in transformation was a process that promoted constant thinking on what was the real need for the mass population (Mao, 1991, pp. 1004-1006 & p. 1029).
2. **Evaluating and understanding the current situation.** Mao had mentioned many times (Mao, 1991, pp. 109-111 & 178) in various publications, that comprehensive evaluation and understanding the current situation of the system is the crucial prerequisite for any transformation.
3. **Dialectical mind set.** Dialectical mind-set is an important philosophical concept that Mao engaged throughout his lifelong journey of leadership (Wang, 1991). Mao highly applauded Sun Tzu's philosophy and The Art of War, and Mao is also known as one of the greatest military strategists of the 20th century.
4. **Maintenance of ideology.** Much evidence (Bi, 2009; Cui and Zhang, 2001; Di, 2009) shows that the Taoist way of understanding the Chinese system was favoured by Mao as a political approach in his late leadership. As argued by Wang (1991) and Jin (2009, p. 23 & 56), Mao was taking the leadership role of a senior observer to evaluate the social system of the country, especially in ideological terms.

5. **Socialism.** At the inception of the Communist party, Mao (Jin, 2011, pp. 11-19) claimed that “Chinese revolution differs from that in the Soviet Union, thus it has to be solved in a Chinese way with the introduction of Communist ideology via socialism in the first stage”. The most important aspect of socialism is the government infrastructure as a planned economy and bureaucratic hierarchy.

2.3.(2) Mao’s leadership influence on modern China.

Impact of ‘Sending Down’ policy

Many authors (Kuhn, 2011, xxii; Meng, Yang and Hu, 2009; Wang, 1991) claimed that Mao’s Cultural Revolution was a decade of crisis for the Chinese people. During the Cultural Revolution, Mao introduced the “sending down” policy, as explained by Kissinger (2012, pp. 190-194) where a generation of youths were sent to remote parts of the countryside to learn from the peasantry. However, recent research shows (Zhang and Alon, 2011) that many modern Chinese political and business leaders (e.g., Xi Jinping, Li Keqiang, and Wang Shi etc.) have gained several essential leadership traits through working and living with the peasants during this period. Pursuing of the future by hard work is one of the leadership traits. As commonly agreed by leaders (Cheng, et al., 2007, pp. 3-4; Wang and Miu, 2006, pp. 5-6; Zhang and Alon, 2011) today, these harsh experiences built a solid foundation for their future success.

The importance of education

Although many of the young people who were born in the 60s lack formal education due to the Cultural Revolution and the “sending down policy”, this experience has provided them with much to reflect upon (Gallo, 2011, p. 19).

Relationship networks

As claimed by many authors (Bachman, 1991, pp. 29-58; Feng and Yuan, 2008; Liang, 2012, pp. 46-48), the concept of “Red Blood” (the second generation of the red army group) formed a complex social, politic and economic network associated with the Communist party. It is also regarded as the most important modern “Guanxi” system in China. In the 5000 years of Chinese history, Guanxi is always described as the relationship network surrounding or associated with the social, economic and especially political interest groups (Wood, Whiteley and Zhang, 2002). “Guanxi” is a traditional Chinese way of interpreting and determining the interrelationship within any given system (Wang and Chee, 2011, pp. 54-63). In the last 30 years, with the rapid development of the economy, the “Guanxi” network associated with the Communist party government has grown vigorously; it has spread to every corner of the country. It is the key characteristic of modern Chinese society which is inherited from history (Wood, Whiteley and Zhang, 2002).

Bureaucratic system of government

Another problem that steaming from Mao’s period is the bureaucratic system of hierarchy within government (Bachman, 1991, pp. 29-57). Kissinger (2012, pp. 185-

188) noted that one of Mao's key initiatives in the launch of the Cultural Revolution was to overthrow the seeds of the bureaucratic hierarchical government of Liu Shaoqi and many other right wing sympathisers. However, both during and after the Cultural Revolution, the seeds bureaucratic hierarchy in government have never stopped growing. As claimed by Deng (Vogel, 2012, pp. 189-200), there is a need for bureaucratic hierarchical government for a country as large as China. Because of the enormous population and vast territory, most of the feudal dynasties engaged a bureaucratic hierarchical way of ruling. It is arguably the most effective way of governing a country as the size of China.

However, many authors (Bachman, 1991, pp. 13-58; Gallo, 2011, pp. 109-116; Sun, 2000) both past and present argue that bureaucratic hierarchical government significantly lacks efficiency. Although many problems have gradually risen in recent years, most Chinese organizations are still fully or partially engaging the bureaucratic hierarchical way of working (Gallo, 2011, pp. 109-116; Zhang, et al., 2012). On the other hand, many of the privately owned organizations and foreign investment businesses have engaged with a much leaner and modest way of management. As many authors (Krishnan, 2003; Lau, Zhao and Xiao, 2004; Yeo, 2007) claimed, these companies are adopting a more effective and efficient ways of managing an organization facing the ever changing global environment. A bureaucratic hierarchical system lacks innovation and flexibility in terms of engaging transformation.

2.3.(3) The Leadership of Deng Xiaoping

Introduction

As quoted by many authors (Kissinger, 2012, p. 317; Vogel, 2012, p. xvii; Zhao, 2004, pp. 1-15), Deng Xiaoping is regarded as the second most influential Chinese leader in the 20th century. His “economic reforms” and “open door” policy have not only boosted the Chinese economy but also improved people’s freedom in social life in many respects (Li, 2009, pp. 119-192; Vogel, 2012, pp. 413-435). Instead of Mao’s strong emphasis on communist ideology, Deng was a true realist who concentrated more on the people’s standard of life (Kissinger, 2012, p. 317).

Deng Xiaoping’s leadership concepts

There are five significant leadership concepts of Deng Xiaoping, which essentially transformed Chinese political, social and most importantly economic systems in the 1980s. During the last 30 years, the results of the reforms have shown that the leadership of Deng substantially improved everyone’s standard of life in China (Vogel, 2012, pp. 619-640).

1. **Understanding the needs of the system.** As one of the most senior leaders of the communist party, Deng had accumulated a wealth of development experience and an extensive understanding of the modern Chinese social system as well as the communist party itself (Zhao, 2004, pp. 150-159). The leadership concept demonstrated by Deng is one of extensively observing and thoroughly understanding the system at different levels and recognizing the overall needs of the

systems' members, thus providing a shared vision and mission towards the fulfilling the needs of the system.

2. **Application of realism.** Another significant leadership concept of Deng is realism towards the system's overall benefit (Zhao, 2004, pp. 102-140). Leadership is concerned with identifying the best approach to benefit the overall system.
3. **Transformation.** As claimed by Deng (Kissinger, 2012, p. 393), recent Chinese history since the 19th century shows us a clear picture of change: nothing stays the same, continual change is the universal rule. This principle fact of facing a continually changing environment, led Deng to emphasis on numerous occasions that "development is the absolute principle", and continuous development is the key to successful reform (Vogel, 2012, pp. 593-594; Zhao, 2004, pp. 95-101x).
4. **Collaboration.** As claimed by Kissinger (Kissinger, 2012, pp. 405-431), Deng made a great effort to collaborate with the US for more than two decades, not only eliminating the military strategic threat from the Soviet Union, but also transforming the lagging Chinese economy. Deng's effort with US collaboration directly helped China to become the second largest economy in the world.
5. **Innovation.** As claimed by Deng (Vogel, 2012, p. 610) many times, "Innovation is the key to any social and economic development". He also claimed, "the development of both China and the Communist party need innovative minded members, which require learning from the book, from the West, from many others through education and experience". Through the lifelong leadership experience of Deng, the importance of innovation is not only in technological development but also in social transformation (Zhao, 2004, pp. 330-353).

To sum up the two great leaders in modern Chinese history, both of them share a commonality with respect to three leadership beliefs of: dialectical materialism, understanding the system and the system thinking, and transformation. In addition, the leadership concepts and beliefs of Chairman Mao and Deng Xiaoping have a significant impact on modern Chinese social behavior, especially on the current leaders who grew up in 1950s and 1960s. A detailed comparison between Chairman Mao and Deng Xiaoping' leadership concepts can be found in Appendix XI.

2.4 Leadership theories in Western Countries

2.4.(1) A brief review of Western leadership theories

Introduction

The concept of leadership is a difficult thing to pin down in a Western context and very complicated and somewhat chaotic as war was more or less constant due to many factors absent in China, the West in effect has a continuous “Warring States” period. This review will focus on leadership theories which mainly stem from the 19 century, and social and political movements and ideologies. As illustrated in Figure 2, these theories are a 20th century phenomenon and are “evidence based” using various research methods, such as quantitative and qualitative etc. (Bass and Bass, 2008, p. 6). With the mathematical modelling and proofs of the “empirical sciences” or to give it its original title “natural philosophy”, whose foundation is credited to Aristotle who forms the philosophical triumvirate with Socrates and Plato (Bryman, et al, 2011, pp. 1-6). At universities in Europe, their philosophy formed the basis of a classical (Greece and

Roman) education, along with the Latin and ancient Greek languages, and much of the Western academic terminology is drawn from them, e.g. law (Roman), medicine (Roman and Greece), science (Greece) etc. This classical base includes (Greek and Roman) philosophy-abstract-political, and mathematics, history, art, engineering, etc. etc.

In a way similar to the philosophers Confucius and Lao Tzu in ancient China who initiated an explore of the superior ways to restore and transform their countries, philosophers in Western countries also originated their own ideas with leadership as the core component of democracy at approximately the same period of time, around 400BC (Grint, 1997, p. 19). Plato (? 429-347BC) in his *Republic* suggested that the mob should be willing to risk their society by electing whichever person promised them most (Bryman, et al, 2011, p.5). Aristotle (384-322BC), one of Plato's students, believed that people with high rhetorical skills could persuade others and thus lead others (Bryman, et al, 2011, p.5-6). The embryonic form of leadership was outlined. As an important aspect of social science, leadership as an intensively researched subject caught the attention of Western society in the 19th century. The dramatic change and development of society and the economy was driven by the Western Industrial Revolution, which required a significant transformation in productivity and labour (Bryman, et al. 2011, p. 8). Leadership was regarded as the key enabler of the transformation. In over a hundred years of Western modern leadership studies, many different concepts, theories and approaches of leadership have been discovered and rephrased (Figure 2, also see Appendix XII). Figure 2 shows the main concepts, theories and approaches of leadership in each different period of time, it presents the research path of leadership in the last hundred years, from focusing on leader (point) to situation (line) to the followers (surface) and finally to the whole system (cube).

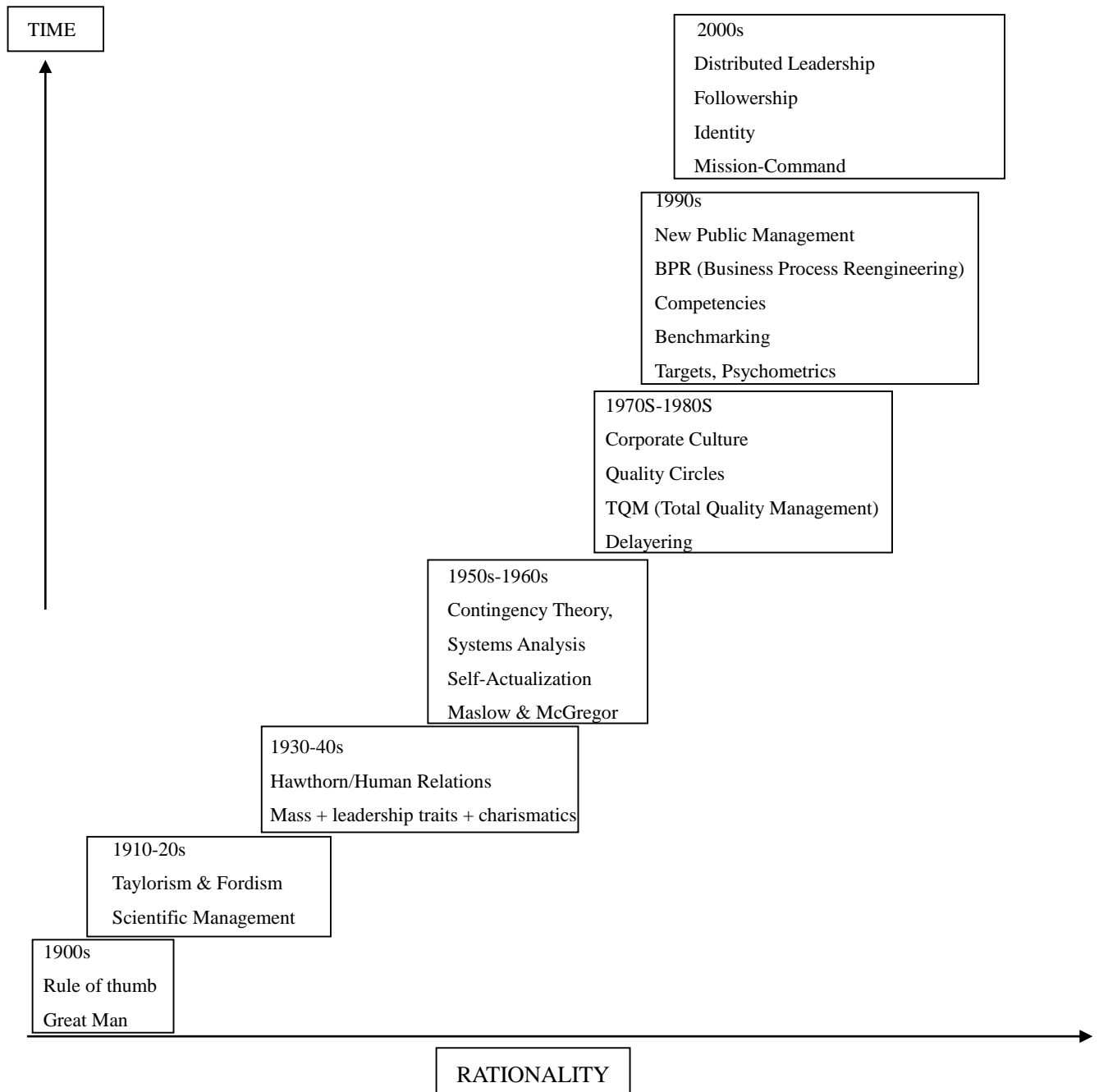


Figure 2 Increasingly rational leadership over time

(Bryman, et al., 2011, p. 10)

2.4.(2) Definitions of leadership

During the hundred year development of leadership theories, many different streams were presented, such as great man theory, trait theory, behavioural theories, contingency theories, transactional theories and transformational theories etc. Scholars continuously tried to define leadership. As said by Stogdill (1974, p. 259), there are almost as many definitions of leadership as the number of scholars who have attempted to define it. The definition of leadership may vary in different dimensions, aspects and factors (Appendix XIII). Stogdill (1950, p.3) described leadership as an influencing process which aimed at goal achievement.

In the latest published book of Bernard Bass (Bass and Bass, 2008, p. 15), he concentrated on the different trends of leadership definition: the leader as a person, behavior of the leader, effects of the leader, and the interaction process between the leader and the led. In addition, he reviewed and summarized several detailed aspects of defining leadership for each of these trends (Bass and Bass, 2008, pp. 15-23). Defining leader as a person and the behavior of the leader include the following aspects: the leader as a personality, as an attribution, as the foci of group process, as a symbol, as the making of meaning, leadership of thought, as purposive behavior, as persuasive behavior, as the initiation of structure, as the exercise of influence, as discretionary influence, and as the art of inducing compliance (pp. 15-20). Defining leadership as an effect includes the following aspects: the leader as an instrument of goal achievement and leadership as an effect of interaction (pp. 20-21). Defining leadership in terms of the interaction between the leader and the led include the following aspects: leadership as a process, as a power relationship, as a differentiated role; recognition of the leader by the led; identification with the leader; and leadership as a combination of elements (pp. 21-23).

Overall, as leadership development moving from “who they are” to “what they do” and finally to “when they do what” (Nohria and Khurana, 2010, p. 126), the definition of leaders has different trends. Generally, the focus dimension is moving from point (leader) to line (leader and situation) to surface (leader, follower and situation); and the current trend of Western leadership research is moving from surface (leader, follower and situation), to the cubic (operating system). Leadership is not only involved the characteristic and behavior of leaders anymore, it is a significant component of a system. When leaders understand and played their roles appropriately, the organization and the system will run effectively. In this research, leadership is defined as: facing ever changing environment, leadership is holistically appreciate the organization as a working system, and continuously transforming the organization through aligning all members of the system collectively towards the shared mission and vision.

2.5 Transformational leadership and leading change

2.5. (1) Compare and contrast between ancient Chinese leadership philosophies and the Western leadership theories

Table 3 Compare and contrast the ancient Chinese philosophies and Western leadership theories

Chinese Philosophies Western Theories	trust	collectivism	Shared mission and vision	empowerment	Understanding followers' need	communication	learning	motivation	psychology	Strategy (leadership skills and capabilities)	Holistic thinking of a system	Mark
Trait theory	Δ	○	Δ	○	Δ	○	Δ	○	Δ	⊙	Δ	27
Behavioral theory	Δ	○	⊙	Δ	Δ	⊙	Δ	⊙	○	○	Δ	41
Contingency theory	⊙	⊙	⊙	Δ	⊙	⊙	Δ	⊙	Δ	⊙	Δ	67
Transactional leadership	⊙	○	○	○	⊙	⊙	Δ	⊙	Δ	○	Δ	51
Transformational leadership	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	○	○	87
Authentic leadership	⊙	○	⊙	⊙	⊙	⊙	Δ	⊙	⊙	○	Δ	71
Servant leadership	⊙	○	Δ	○	⊙	⊙	○	⊙	⊙	○	Δ	59

⊙=9 (strong) ○=3 (medium) Δ=1(weak)

Based on the review of ancient Chinese leadership philosophies, eleven key elements of leadership were summarized. Table 3 identifies the comparisons and contrasts between the eleven elements and the seven main Western leadership theories during the development process of leadership. The selection of these seven theories were following the guide and stream of the different trends of leadership definition by Bass (Bass and Bass, 2008, pp. 15-23), which was mentioned above (2.4. (2)). Each of them is the most preventative theory of different leadership trend. The weight of the mark from 9 (strong) to 1 (weak). 9 means strongly emphasized in text; 3 means mentioned and discussed with medium emphasis, 1 means occasionally mentioned or even not mentioned. Through more than a 100 years of leadership debates since the “Great Man” theory it can be found that, concepts of leadership development are moving from “who they are” to “what they do” and finally to “when they do what” (Nohria and Khurana, 2010, p. 126). As a result, it can be seen from Table 3 that trait theory mainly focuses on the leaders’ individual characteristics and leadership skills. Trait theory assumes that leaders are “in possession of special, unique, or extraordinary personality attributes, abilities, skills, or physical characteristics that others did not have” (Nohria and Khurana, 2010, p. 122; Stogdill, 1948).

In contrast ancient Chinese leadership philosophies tend to emphasize the importance of collectivism and system thinking, therefore the overall mark of trait theory was relatively low in Table 3. Similarly, behavioral theory still focuses on the leaders’ personal behavior, such as “what they do” and “how they act” (Nohria and Khurana, 2010, p. 122; Northouse, 2010, p. 69) rather than considering the overall system, therefore its mark is also fairly low.

By contrast, contingency theory achieves a higher mark than the previous two theories, because it involves the consideration of both the leader and the situation he or she leads (Haslam, Reicher and Platow, 2011, p. 24). However, as contingency theory requires a “perfect match” between the leaders and the situations, it can be relatively narrow and impractical. Also it may ignore the followers’ psychology (Haslam, Reicher and Platow, 2011, p. 28; Nohria and Khurana, 2010, p.124). This also contradicts ancient Chinese leadership philosophies of system thinking which highlights the importance of the followers’ psychology.

In terms of transactional leadership, it is not simply a case of leaders to situation (contingency theory) nor of leader to followers (one way leadership). It is about leaders and followers having a shared mission and vision, thus cooperating with each other in order to create a mutually beneficial working system (Bass and Bass, 2008, p. 22; Haslam, Reicher and Platow, 2011, pp.30-32). However, as a two way contract the critical issue of transactional leadership is that it leaves no place for leaders to create a new sense of value or new reserves of power; it seems that the function of leadership is the basic to reward or punish (Haslam, Reicher and Platow, 2011, p.32), which may obstruct the system’s continuous development in an ever-changing environment. As ancient Chinese philosophies strongly emphasized on the moral aspect of leadership practice, both authentic leadership and servant leadership attained a relatively high mark.

Notably, transformational leadership gained the highest mark in Table 3. Transformational leaders encourage and inspire followers to both achieve extraordinary outcomes and develop their own leadership capability in the process (Bass and Riggio, 2006, p. 3). By reviewing the development of Western leadership theories, the focus

dimension is moving from point (leader) to line (leader and situation) to surface (leader, follower and situation); and the current trend of Western leadership research is moving from surface (leader, follower and situation), to the cubic (operating system). In this case, transformational leadership is the most substantial, sustainable and systematic theory for encouragement given the rapid change of modern globalization. In addition, it shares a common base with ancient Chinese leadership philosophies. According to Bass (1990), both culture specific versus culture universal have demonstrated validity for practitioner and researcher alike in the study of the leadership process (Dorfman, et al, 1997, p. 234). Specifically, Cheng et al (2004, p. 93) emphasized that “leadership behaviours conforming to Chinese culture characteristics will be more effective, and those conflicting with Chinese cultural features, less effective”. As mentioned by Bass and Riggio (2006, pp. 4-5) and Stone, Russell and Patterson (2004) the mind set of transformational leadership should be viewed as the foundational concept of the leadership practice, as it is a systematic, human-oriented approach, which from a Chinese perspective is both familiar and understandable and provides the important cultural match.

The advantages of transformational leadership was provided by many research. As Bass (1997) argued “transactional and transformational leadership can be found in all parts of the globe and in all forms of organization” (Bass and Riggio, 2006, p. 16). Further to this, they (Bass and Riggio, 2006, p. 16) pointed out that

Research evidence from around the world suggests that transformational leadership typically provides a positive augmentation in leadership performance beyond the effects of transactional leadership. Furthermore, transformational leadership should be a more effective form of leadership globally because the transformational leader is consistent with people’s prototype of an ideal leader.

When considering the transformational leadership approach, it is not to say that other schools are irrelevant. With the engagement of transformational leadership as the basic concept, other leadership theories could be engaged as a supplementary elements in order to enrich and boost its effect, such as authentic leadership and servant leadership theories, etc. (Bass and Bass, 2008, pp. 618-619; Sarros and Santora, 2001). As it shares a common base with ancient Chinese leadership philosophies along with its own advantages, the main focus of this research will focus on an understanding of transformational leadership.

2.5.(2) Achieving transformational leadership

John P.Kotter has clearly distinguished leadership from management (Table 4) in his book *A Force for Change: How Leadership Differs from Management (1990)*, and this distinction was believed as remarkable (more details about leadership versus management are available in Appendix XIV). He said that

“The distinction between leadership and management is similar in some ways to what Burns (op. cit.) and Bass (1985) have called transformational leadership versus transactional leadership” (Kotter, 1990, p. 166).

	Management	Leadership
Creating an agenda	Planning and Budgeting- Establishing detailed steps and timetables for achieving needed results, and then allocating the resources necessary to make that happen	Establishing Direction- Developing a vision of the future, often the distant future, and strategies for producing the changes needed to achieve that vision
Developing a human network for achieving the agenda	Organizing and Staffing- Establishing some structure for accomplishing plan requirements, staffing that structure with individuals, delegating responsibility and authority for carrying out the plan, providing policies and procedures to help guide people, and creating methods or systems to monitor implementation	Aligning people- Communicating the direction by words and deeds to all those whose cooperation may be needed so as to influence the creation of teams and coalitions that understand the vision and strategies, and accept their validity
Execution	Controlling and Problem Solving- Monitoring results vs. plan in some detail, identifying deviations, and then planning and organizing to solve these problems	Motivation and Inspiring- Energizing people to overcome major political, bureaucratic, and resource barriers to change by satisfying very basic, but often unfulfilled, human needs
Outcomes	Produces a degree of predictability and order, and has the potential of consistently producing key results expected by various stakeholders (e.g., for customers, always being on time; for stockholders, being on budget)	Produces change, often to a dramatic degree, and has the potential of producing extremely useful change (e.g., new products that customers want, new approaches to labor relations that help make a firm more competitive)

Table 4 Compare management and leadership

(Kotter, 1990, p. 6)

According to Bass and Riggio (2006, pp. 6-7), the components of transformational leadership include Idealized Influence, Inspirational Motivation, Intellectual

Stimulation and Individualized Consideration. As shown in Table 4, management in Kotter's description was similar to transactional leadership, whereas leadership in Table 4 was considered as transformational leadership. As the result, it can be investigated that a systematic process needs to be engaged in order to achieve transformational leadership in the following stages: establishing directions, aligning people, motivating, and producing change.

2.5. (3) Establishing directions

Understanding the need for transformation

As the materialist dialectics (e.g., Marx, Lenin and Mao Zedong) emphasized, the world is continuously changing and developing (Mao, 1991, pp. 299-304). The core concept of the Chinese "I Ching" also known as *the Book of Change*, is that the nature of life is a constant transformation process between the Ying and Yang (Huang, 1998, pp. 1-5). In the modern era, the force of globalization, vast flows of information and the ever advanced technologies facilitate the changes of the world even more rapidly and dramatically (McMillan, 2010). Quality, creation, innovation, intelligence etc. are regarded as the motive force of modern business competition (Bryman, et al., 2011, p. 405; Holmberg, et al., 2008; McMillan, 2010). Consequently, in the ever-changing modern business environment, organizations, and especially business leaders have to realize that there is a need for transformation (Kotter, 1996, pp. 3-16). Continuous transformation is the only "bargaining counter" that could keep a business in the game of change (Bass and Riggio, 2006, pp. 1-2).

As Jobs noted (Isaacson, 2011, pp. 465-475) the essential component that actuates the transformation is people. People should be viewed as the ultimate resource who are able to provide the necessary intellectual resources. Nevertheless, in the cutthroat conditions of the competitive environment, many organizations may choose or feel force to be short term orientated. Deming claimed (2000a, p. 99) that a short-term profit orientated mind-set could kill the willingness of continuous transformation. Due to the nature of the ever changing environment, the transformation process needs to be viewed as the constant purpose of any organization (Kotter, 1996, pp. 3-16). Consequently, it is the leader's responsibility to understand the importance of transformation (Heifetz, Grashow and Linsky, 2009; Krishnan, 2004). It is the leader's duty to investigate and open the channels of communication to restore and maintain people's confidence and willingness to contribute towards the constant process of transformation, thus allowing most their valuable intellectual resources to flourish (Bass and Riggio, pp. 3-18; Deming, 2000b, pp.115-118; Greenfield, 2007).

Understanding an organization as a system

When transformational leadership was first introduced to the business world, there was a huge debate on how should leaders interpret their organization (Bass and Riggio, 2006, pp. 3-7). As Western (2008, p.108) argued from the anthropological point of view, "organizations should be viewed as a socially constructed system of meaning; the focus on meaning being socially rather than individually constructed". The Japanese had a similar idea of interpreting an organization as a collective system of people, which was one of the root concepts behind their huge managerial success in the 70s to 80s (Deming, 2000a, pp. 2-4). It was firstly viewed as a characteristic of the Japanese collective culture, nevertheless others claimed (Kawatta, 2012, pp. 112-120; Yamada, 1991) that system thinking leadership was originated by American management gurus after the

War as a contribution method of restoring the Japanese economy, and Dr E. Deming was one of the gurus (Deming, 2000b, pp. xiii-xiv).

According to Deming (2000b, p. 95), “a system is a network of interdependent components that work together to try to accomplish the aim of the system”. Covey (2004a, pp.99) had a likeminded definition of an organization as a collective of individuals with shared purpose. As a critical prerequisite of any leadership practice, leaders need to understand the organization that they are operating in as a system (Collier and Esteban, 2000). Deming (2000b, p. 97) explained in detail: “the obligation of any component is to contribute its best to the system, not to maximize its own production, profit, or sales, or any other competitive measures”. It is worth noticing that the leader is also a component of the system. It is an orchestra-like interrelationship that forms the system, with both the leaders and the followers as the key components of the system have to understand and cooperate with each other towards a shared goal (Gill, 2006, pp. 96-130). As mentioned by Deming (2000b, p. 94), “the performance of anyone is governed largely by the system that he works in.” It is the leader’s responsibilities to continuously monitor problems associated with the system and to make improvements in order to optimize performance. Therefore, the evaluation and understanding of an organization as an operating system is crucial for any transformational leadership practice.

The importance of ethics in transformational leadership

Ethics is not a new topic of leadership, it is widely discussed in both ancient and modern literatures (Bass and Bass, 2008, p. 200). As emphasized by Bass and Bass (2008, p. 238) “empirical research on leadership ethics was rare before 1975, although its

philosophical underpinnings go back to ancient Greece and China”, which clearly shows that ancient Chinese philosophers have a great deal in common with modern Western theories with regard to ethical issues and the leader. Ethical standards can be different in various situations (Bass and Bass, 2008, p. 201). Some of the most famous ethical leadership theories include authentic leadership, moral leadership and servant leadership etc., and all of them have a fundamental relationship with transformational leadership.

Authentic leaders are defined as “having clear and certain knowledge about oneself in all regards (e.g., beliefs, preferences, strengths, weaknesses) and behaving consistently with that self-knowledge (Gardner, Avolio, Luthans, et al., 2005; Ilies, Morgerson, and Nahrgang, 2005)” (Bryman, et al, 2011, p. 354). The starting point of authentic leadership is generally credited as Luthans and Avolio’s programme of research into authentic leadership. However, the post-charismatic critiques of transformational leadership (about charismatic leadership see Appendix XV) greatly influenced the development of authentic leadership (Bryman, et al., 2011, p. 353). As transformational leadership places emphasis on highly influential leaders, they always have some specific behaviors and effects, e.g. “Idealized influence”; however, it is the leader’s ability to formulate and convey a compelling vision that could lead followers to accept the leader’s mission as their own (Bass, 1997; Bryman, et. Al., 2011, p. 353). In this case, the potential danger in the transformational leader generated a culture of influence and adulation were concerned by several commentators (e.g. Bryman, et al., 2011, p. 353; Conger and Kanungo, 1998). The ethical basis of transformational leadership was also questioned, because empirical evidence showed that transformational leadership did not necessarily have to be ethical (Howell and Avolio, 1992).

Originally, Burns (1978, pp. 29-46) stressed that being moral is an important criterion for a transformational leader, he described that moral leadership entails sincere

consideration of the real needs and goals of followers, especially in terms of transformational leadership, it “had to have moral ends and has to raise the moral consciousness of followers” (Bass and Bass, 2008, p. 201). In addition, some of the other leading theorists of transformational leadership later on drew the distinction between authentic transformational leadership and inauthentic or pseudotransformational leadership (Bass and Riggio, 2006, p. 12-14; Bass and Steidlmeier, 1999).

True transformational leaders are moral and responsible, their objectives are to do the “right thing”, and have respect for the authority, customs, rules, and traditions of a society; whereas pseudotransformational leaders are personalized and utilitarian, and their objective is to benefit themselves (Bass and Riggio, 2006, pp. 13-14). With a clear moral foundation, research (Bass and Riggio, 2006, pp. 12-16; Krishnan, 2003) shows that transformational leaders were believed to be more integrity and morality than non-transformational leaders.

In recent years, transformational leadership was compared to an important modern ethical leadership theory: servant leadership (Stone, Russell and Patterson, 2003). Servant leadership was formulated by Robert Greenleaf (1991, p. 13) in 1970. He defined that “servant leaders are servants first...they begin with the natural feeling that one wants to serve, to serve first”. There are ten characteristics of servant leaders, including: listening, empathy, healing, awareness, persuasion, conceptualizations, foresight, stewardship, commitment to the growth of people, and building community (Greenleaf and Spears, 1998, pp. 5-8). In comparison, transformational leaders focus on the organization and through the example of their behavior to build followers’ commitment towards organizational objectives; whereas servant leaders focus on followers, and achieving the objectives of organization is a subordinate outcome (Stone, Russell and Patterson, 2003). However, they also have many similarities according to

the research of Stone, Russell and Patterson (2003, p. 359). Both of them are “visionaries, generate high levels of trust, serve as role models, show consideration for others, delegate responsibilities, empower followers, teach, communicate, listen to and influence followers”. In fact, transformational leadership and servant leadership can be complementary ideologies, together they can bring real change to an organization. From a systematic view of leadership, both ethics and effectiveness are important, and each of them has to be pursued in the context of the other (Collier and Esteban, 2000)

Commitment to shared mission and vision

“‘Vision’ is an essential ingredient of most leadership theories. When leaders cannot articulate their vision they can be harangued” (Ladkin, 2010, p. 101). As Covey (2004a, p.99) defined: “(fundamentally) an organization is nothing more or less than relationships with a purpose, that purpose is aimed at meeting the needs of one or more persons”. He later summarized (2004a, p.99): “an organization is made up of individuals who have a relationship and a shared purpose”.

Before reviewing the importance of mission and vision, the understanding of commitment as a fundamental concept of leadership practice is an absolute essential (Bass and Riggio, 2006, pp. 32-36). The creation and alignment of commitment is regarded as the most fundamental step of the actualization process of the “shared purpose”, which has to be mutually anticipated and agreed by both leaders and followers (Bass and Bass, 2008, pp. 591-592). Leaders have to promise their longstanding commitment to the actualization of future transformation with followers collectively (Adair, 2009, p. 122). Followers have to understand their roles and the obligation of their unique contributions towards the actualization of the “shared purpose” (Kotter, 1999, pp. 57-59). Hence, commitment is the accumulative revision and collective alignment of the “shared purpose” that essentially shapes the organization as

a holistic operating system (Owen, 2005, p. 168). Commitment is interpreted as psychological and emotional alignment and the basis for the accomplishment of the shared mission and vision (Duckett and Macfarlane, 2003). In other words, commitment provides a fundamental emotional platform that unifies the psychological contracts of the leaders and the followers collectively.

As Deming (2000a, p. 24) described: “there are two problems: the problems of today and the problems of tomorrow, for the company that hopes to stay in business”. Therefore, by combining the two, the constant shared purpose of a company will be to stay in business through transformation by resolving the problems of today (shared mission) and the problems of tomorrow (shared vision). Consequently, this purpose is composed of the vision and mission, which has to be shared and discussed and most importantly desired by everyone within that organization as a system (Owen, 2005, pp. 164-182).

One of the most important aspects of sound leadership practice is creation of vision (Bennis, 2007b, pp. 39-51; Owen, 2005, pp. xi-xx). The shared vision here is long term (tomorrow, the under certain future) which has an essential contributive relationship with the constant purpose of transformation (Kotter, 1990, pp. 35-36). It is the summation of the long term commitment of all levels of the organization as a system. Logically and strategically, the accomplishment of a shared vision will be delivered by the achievement of numbers of shared short-term missions (today, with certainty) (Adair, 2002, pp. 10-15). Consequently, the shared mission is to finalize the shared purpose of the organization as a system in the short-term (Maslow, Stephens and Heil, 1998, pp. 48-52).

The importance of shared mission has been emphasized by Maslow (Maslow, Stephens and Heil, 1998, p. 16): “What is not worth doing is not worth doing well”, which means

the willingness of “doing a good job” needs to be motivated by the leaders. Both shared mission and vision provides the essential motivations and guidance for followers to make their commitment towards the common goal (Bennis, 2007b, pp. 39-51). By having a shared vision and mission, the organization will strategically accomplish the shared purpose of transformation through well-organized sequential operations (Ladkin, 2010, pp.101-126).

The process of sharing the vision and mission, not only promotes communication between the leaders and followers, but also aligns the constancy of purpose for both leaders and followers (Kotter, 1990, pp. 35-47). In the long term, the process not only protects the organization from disaster through constant revising of information holistically, but also enables followers at all levels to frequently clarify their portion of the shared purpose (Bryman, et al., 2011, pp. 299-310). As emphasized by Deming (2000a, p. 25) appropriate allocation of resources for long term planning promotes innovations and most importantly encourages the unshakable longstanding future commitment of the leaders.

2.5.(4)Aligning People

Interpersonal relationships

When leaders focus on “aligning people”, they should take “interpersonal relationships” into consideration. According to Ladkin (2010, p.55), “The apparent ambiguity inherent between ‘leaders’ and ‘followers’ has been noted and developed into more relationally-oriented leadership theories”; he (p. 55) also mentioned that Bass (1985) has “urged us to go beyond equating ‘leadership’ with ‘leaders’, to recognize the essential nature of the relationship between ‘leaders’ and those who would follow them”. The idea of

interpersonal relationships enables leaders to understand the human side of the system (Deming, 2000b, p. 96; Owen, 2005, pp. 3-22).

In the modern business environment, the force of globalization, requires leaders to transform from a dictating and autocratic leadership style to the coaching and engaging leadership style, in order to achieve transformation to human orientated competitive advantages (Tjosvold, Yu and Liu, 2004). The in-depth appreciation of interpersonal relationships not only enables leaders to understand the system coherently but also to provide the knowledge of interdependent relationships between different components across all levels of the system (Covey, 2004b, pp. 204-234).

Similarly, as many authors claimed (Cohen, 2010; Deming, 2000a, p. 96; McMillan, 2010), modern leaders are required to be multifunctional, and one of the compulsory leadership requirements is to be able to deal with interpersonal relationships, in order to maximize the opportunities of gaining an understanding of vertical and horizontal nature of the system in detail, and most meaningfully the nature of interdependent relationships between people within the system. Such understanding of interpersonal relationships is beneficial to the leaders as well as people at all levels of the organization (Cardona, 2000).

A harmonious working environment and sound interpersonal relationships between leaders and followers will encourage more communication and understanding thus increasing the leaders' willingness to empower followers (Bennis, 2007b, p. 63). Empowerment will consequently support followers exploiting and developing their full potential, thus the overall system is benefited from the best contribution of various members of the system (Özaralli, 2003). According to the Hawthorne Studies (Dahlgaard-park, 2006) and the analysis from Covey (2004b, pp. 204-234), the knowledge and engagement of interpersonal relationships becomes one of the most

essential and effective approaches in the leadership field.

As Deming's "System of Profound Knowledge" (Deming, 2000b) demonstrated, people live in complex social relationships, therefore psychological factors and Maslow's emotional elements are essential and crucial to motivate and influence people, potentially reinforcing and aligning the interrelationships within the system toward a shared vision. Many authors (Deming, 2000a & 2000b; Harvard Business School, 2003; Gill, 2006, pp. 235-252) claim extrinsic motivations in many cases are less influential with more side effects than intrinsic motivation. Thus, adequate interpersonal relationships can significantly improve leaders' capability of intrinsic motivation which potentially escalates the working efficiency in the long term (Cardona, 2000).

Overall, modern leaders are required to actively improve their understanding and practice of interpersonal relationships with followers (Ladkin, 2010, pp. 55-56). Through such understanding and practices, leaders will gradually understand the importance of care and respect for followers' personal feelings, and make followers realize their significance to the overall system (Krishman, 2004). Leaders have progressively appreciated that leadership is about a sincere attitude to their followers, praising and encouraging them, understanding and fulfilling their needs and wants (Bennis, 2007a, pp. 130-131). Motivation is not only about extrinsic facilitating but also providing intrinsic support (Harvard Business School, 1998). Communication is regarded as one of the most effective approaches that enables leaders to promote healthy interpersonal relationships (Buchanan and Huczynski, 2004, pp. 328-332).

Communication

Communication is a direct way to improve the interrelationships between leaders and

followers. However, as some authors claim (Covey, 1992, pp. 109-118; Deming, 2000a & b) communication is not easy to perform; there are many psychological barriers to the willingness to communicate. One of the most important roles of a leader is to “drive people out of fear” by vertical and horizontal communication within the system. Conversely, as mentioned by Deming’s (2000a, pp. 97-98) the “Deadly Diseases” of bureaucratic leadership, competition for short-term gain and merit pay systems etc. are barriers to leadership communication. Therefore, promoting communication can be an important area for leadership improvement as well as for strengthening the system (Skyttner, 2005, pp. 207-213).

As leaders and followers are working as a system, communication should support the leaders and followers in gaining a better understanding of the vision and each other’s working situation. Thus it enables the leaders to gain adequate information and build a strong cooperative relationship with group members at all levels (Kotter, 1990, pp. 49-60). Sincere and equal communication channels are vital for the construction of a healthy leaders’ and followers’ interrelationship network (Thomas, 2008, pp. 195-216). Leaders should have capabilities to communicate with different kinds and levels of followers with the aim of eliminating both physical and mental communication barriers with followers (Collier and Esteban, 2000; Kerr, et al., 2006). In addition, communication should be frequent with the establishment of an efficient and effective communication system in order to keep leaders and followers constantly informed (Dubrin, 2007, pp. 355-370). As long as the psychological barriers are eliminated, many communication promoting scientific tools can be engaged by the organization, for instance, internet, forum and twitters etc. (Skyttner, 2005, pp. 437-455). As a result of the establishment of a substantial communication system, the information flows smoothly, thus enabling the overall organization to operate fluently, harmoniously and consistently with a clear and shared vision (Kotter, 1999, pp. 57-59).

Trust

One of the major issues that a leader into a new position will face is that of trust (Bennis, 2007b, pp. 53-62). Followers may not trust the new leader because of a lack of understanding, so they fear to follow. As Covey and Merrill (2006, p. 12) emphasized: “relationships of all kinds are built on and sustained by trust”. They (2006, p. 10) also claimed that “as a global society, we have a crisis of trust.” As Ralph Emerson declared “our distrust is very expensive.” Many authors (Bass and Bass, 2008, p. 627; Covey, 1992, p. 118; Covey and Merrill 2006, pp. 8-16) agreed, without trust every form of relationship (business, organizations and even society) collapses in a matter of time; trust is the adhesive that builds accumulative networks of interrelationships within any organization. According to Covey and Merrill (2006, p. 13), “when trust goes down, speed will also go down and costs will go up”. Rupert Murdoch (Covey and Merrill, 2006, p. 15) summarized: “the world is changing very fast. Big will not beat small anymore. It will be the fast beating the slow”.

According to Podsakoff et al (1990, p. 109), “trust is viewed as playing an important mediating role in the transformational leadership process”. Bennis (2007b, p. 53) and Covey and Merrill (2006, pp. 237-239) emphasized people gain trust through frequent communication and understanding. Empowering and placing responsibility with someone can psychologically generate trust (Bass and Riggio, 2006, pp. 43). Trust is the most fundamental and powerful means of motivation (Covey and Merrill, 2006, pp. 237-239). The first priority of leadership practice is to learn and gain the mutual trust of followers. Covey and Merrill (2006, p. 29) defined trust as “character and competence; character is the motive and intent of people, competence is the fact and result”; they are mutually inclusive. Without sufficient communication followers will not understand either the character or competence of the leaders, and reversely followers lost believe of leadership (Covey, 1992, p. 118). As mentioned before,

through unblocking the communication channels, leaders and followers gain an understanding of both character and competence of each other, and their potential for achieving, thus the trust is initialized (Bennis, 2007b, p. 62). From the leader's perspective, empowerment is an essential intrinsic motivation that significantly reinforces mutual trusting relationships (Bass and Riggio, 2006, pp. 193-195).

2.5.(5) Motivating

In a modern leadership context, to motivate followers is an imperative skill for leaders (Harvard Business School, 1998; Harvard Business School, 2004a; Harvard Business School, 2005). Motivation is to understand the followers' needs and wants, and to try and find the way to satisfy them towards the achievement of common goals (Adair, 2009, pp. 172-193). According to Maslow's need-hierarchy theory (Buchanan and Huczynski, 2004; pp. 245-246, Maslow, 2013, pp. 66-98), any given person has five needs that have to be satisfied, namely physical, safety and security, social acceptance, esteem and self-actualization (Figure 3).

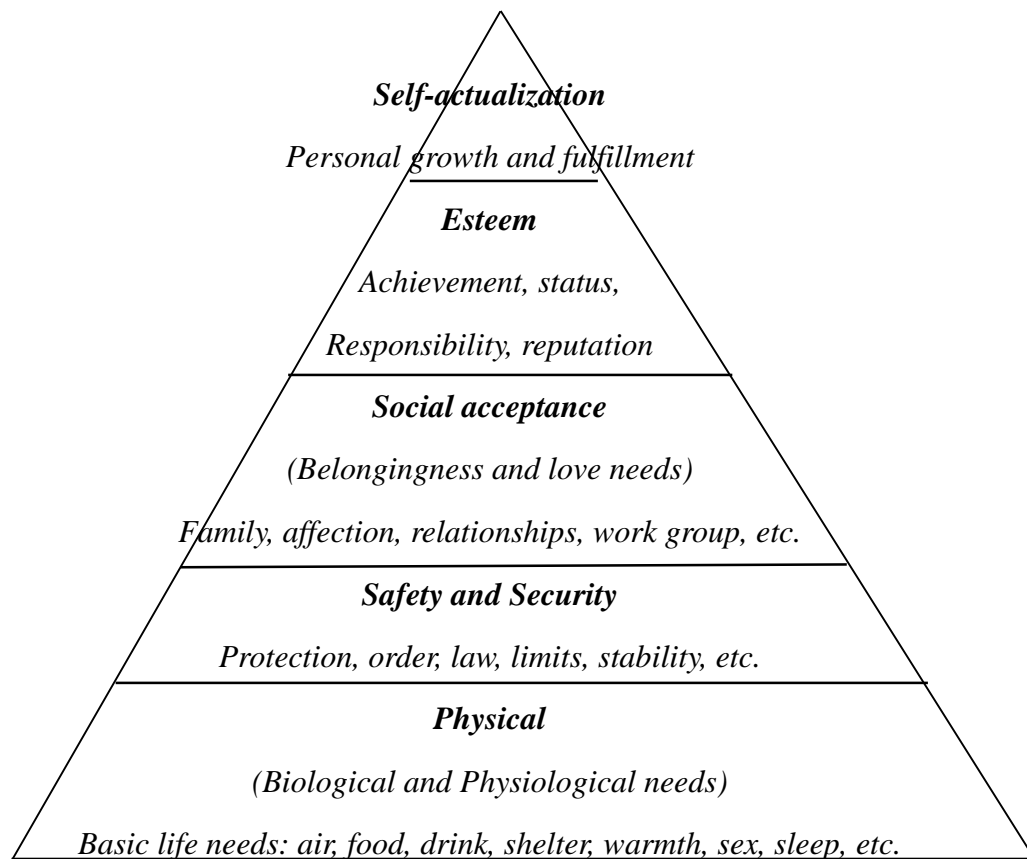


Figure 3 Maslow's Hierarchy of Needs

(Source: Buchanan and Huczynski, 2004, pp. 245-246)

Most organizations must have the capability of fulfill the first two needs of employees, in order to promote their intellectual and physical contributions and provide the requirement of the next level of need (Thomas, 2008, pp. 171-192). However, in many cases, with an autocratic and bureaucratic leadership styles, with a “hire and fire” mentality, people are likely to experience feeling fears and insecurity (Adair, 2009, pp.143-154). In other words, many people are kept at level two of Maslow’s hierarchy of needs. People with fears and insecurity are very unlikely to contribute their intellectual capabilities. As emphasized by Dr Deming (2000a, pp. 96-98), people need to be “driven out of fear”, to provide them with the confidence to exploit their knowledge and intelligence toward the organizational goals. Deming (2000a, p. 115)

also suggested: “counseling and coaching will in many cases restore the confidence and performance of the followers”. One of the fundamental responsibilities of leadership is to drive followers “out of fear” by eliminating barriers to improve follower’s confidence to voice their views (Bennis, 2007b, p. 63). As Evelyn Beatrice Hall wrote in her famous biography on Voltaire *The Friends of Voltaire* “I disapprove of what you say, but I will defend to the death your right to say it” (which is often misattributed to Voltaire himself) as an illustration of Voltaire's beliefs (Boller and George, 1989). For modern leaders, this is the most essential attitude towards the followers’ right to voice. Followers having these needs may be motivated by empowerment, communication and the improvement of the working environment etc. (Harvard Business School, 2003, pp. 1-17). Moreover, once level two has been reached if the organization does not support level three or above, the individuals will seek to fill those needs exclusively outside the organization, which is again a significant intellectual loss for any organization’s transformation process (Bass and Riggio, 2006, pp. 193-209). According to the research of Wang et al (2005, p. 429), transformational leaders could enhance follower receptivity to role-expanding offers and extra-role behaviors, through processes of personal and/or social identification. By combining the three to five levels of need within work could significantly increase the creativity and innovative freedom of the followers (Thomas, 2008, pp. 172-194).

As claimed by many top Western business leaders (Bennis, 2007a, pp. 123-138), their success is strongly associated with people’s trustworthiness, belongingness, love and esteem with the company as a holistic system. The needs of level three and four (social acceptance and esteem) are more about the psychological requirements of individuals (Maslow, Stephens and Heil, 1998, pp. 55-60), which is strongly emphasized by modern authors in recent years (Harvard Business School, 2003). Leaders can motivate followers having these needs by communication, respecting their voices and opinions, empowerment, giving trust and many other intrinsic motivations etc. (Bryman, et al.,

2011, pp. 136-150; 2006; Harvard Business School, 2003).

The highest level of need is self-actualization, and unless the first four needs are satisfied, this level will be difficult to achieve (Maslow, Stephens and Heil, 1998, pp. 1-16). As claimed by most of the business leaders (Harvard Business School, 2003, pp. 19-43), the need for self-actualization is extremely challenging for any modern organization, and few achieve this. Individuals who have such a need always have high capabilities and a strong desire for self-fulfillment (Adair, 2009, pp. 148-151). This kind of follower could be motivated by empowerment, intensive communication, self-development opportunities and most importantly trust (Adair, 2009; Covey, 2006, pp. 125-230; Gill, 2006). When leaders understand that different followers have different levels of needs, different ways of motivation can be engaged in order to unleash their potential intelligence and capabilities (Harvard Business School, 2003, pp. 19-40). As a result, every follower works actively, effectively and most importantly happily. Thus the overall organization as a system operates collectively, effectively and harmoniously towards continuous transformation (Harvard Business School, 1998; McMillan, 2010).

Power and empowerment

Power is the sacred and unique resource of a leader. According to Harvard Business Essentials (2005, p. 3), “neither society nor its organizations can function without the application of power”. It is provided in the form of authority under the position of leadership (Bass and Bass, 2008, p. 267). However, leading the followers by positional power (dictator and autocratic) alone is the causes of countless unbearable failures throughout history (Harvard Business Essentials, 2005, pp. 16-19). Power could appoint the right of order, the supreme ability and hierarchy, but misusing power due to a lack of thorough understanding may lead to serious conflicts between leaders and

followers, which can result in serious consequences and eventually destroy the system (Tjosvold, Yu and Liu, 2004). Consequently, an appropriate interpretation and use of power is crucial for leadership practices (Western, 2008, pp. 41-56).

In the early stage of Western leadership research, positional power was an effective tool to help leaders to control and manage an organization (Bryman, et al., 2011, pp. 195-197). However, increasing numbers of trade unions and strikes in the early 20th century demonstrated that positional power could be interpreted and utilized differently (Grint, 2005, pp. 28-31). The current trend advocates understanding and analysis both systematic and physiological aspects of leadership power (Bass and Bass, 2008, pp. 263-290). Nowadays, Western scholars (Krishnan, 2003; Northouse, 2007, PP. 7-8) point out that leadership power should be utilized strategically from a social and systematic perspective. Leaders should firstly understand that the purpose of leadership power is to lead the overall organization towards continuously developing and achieving the shared mission and vision by all group members within the system (Bass and Bass, 2008, pp. 268-269).

In recent years, empowerment has been contentiously discussed by many authors (Brown and Posner, 2001; Covey, 1992, pp. 238-266; Gill, 2006, pp. 209-230) as a groundbreaking reinterpretation of power as well as the most important characteristic of modern leadership practice. It requires leaders to make an appropriate judgment as to which kind of power and who it is empowered to (Bass and Riggio, 2006, pp. 198-202). The followers who are empowered must thoroughly understand the meaning of the power. It is the ability to demonstrate the empowerment appropriately and its purpose in accomplishing the common goal with a commitment to a shared mission and vision with all the group members (Özaralli, 2003).

For both leaders and followers, empowerment needs to be considered as a constant

responsibility (Bennis, 2007b, pp. 69-72). As a democratic approach, it can be the most powerful method of motivation for the followers (Bass and Bass, 2008, pp. 306-307). Improving the interrelationships between leaders and followers significantly develops organizational coherency. As quoted by Deng Xiaoping (Kissinger, 2012, p. 326), “empowerment, to the right people, glues everyone together”. Appropriate empowerment will no doubt to improve the working efficiency and effectiveness of the overall system, and thereby achieving constant and continuous improvement, and as a result benefit the members of the system (Buch and Rivers, 2001; Gill, 2006, pp. 209-211). In terms of the process of empowerment, leaders should act as a heart pumping to pump the power through various channels of empowerment to all levels (vertically and horizontally) in the organization.

2.5.(6)Producing Change

Information

In modern society, information plays an ultra-important role, and it is the lifeblood of any operating social system (Fairholm, 2004). The internet makes access to information more convenient and faster than ever before (Deming, 2000b, p. 1). However, as many authors (Buchanan and Huczynski, 2004, pp. 461-465; Covey, 1992, pp. 109-118) claim information within the internal system of an organization can be a mystery to access for many leaders. As mentioned earlier, the fear of “voice up” is still the largest barrier to internal communication within the organization as a system. In other words, the barriers of the communication channels are blocking the flow of the information (Skyttner, 2005, p. 205). As emphasized by both scholars and practitioners (Bennis, 2007b, pp. 53-62), information is the lifeblood of the system, it is mutually beneficial for the leaders and the followers to keep the flow of the information running smoothly. The flow of

information can closely interlink the relationships between different levels of an organization as an operating system, and it can also provide notification of any changes in and tendencies of the external environment (Meadows, 2009, pp. 156-157). Timely and accurate information can enable accurate decision making in leaders, and potentially bring opportunities and avoid risks (Buchanan and Huczynski, 2004p. 754).

Leaders need to have appropriate skills to maintain the flow of the information and have the ability to analyze different sources of information (Meadows, 2009, pp. 156-157). Leaders may not know everything, but they should gather the information with their followers as a collective system, and it is the leader's responsibility to open all the communication channels to keep the information flowing (Covey, 2004b, pp. 236-260). It is the leaders' responsibility to act as a central valve or heart pump of the information channels. In terms of obtaining information, leaders should firstly be sensitive to identify any useful information, and continuously encourage followers to hunt for useful information in different fields and contexts (Bennis, 2007a, pp. 29-72). Secondly, leaders should make sure there is a smooth flow of information, both horizontally and vertically, both from the internal and external environments, top to bottom and bottom to top (Fairholm, 2004). To this extent, a relatively flat organizational structure and frequent communications are essential to accelerate the flow of information, and to support the leaders' ability to gather information from different channels (Collier and Esteban, 2000). Consequently, through gathering accumulating and analyzing various source of information, leaders gain the opportunity to form a full mental picture of the system in various level of detail (Meadows, 2009, pp. 156-157).

The in-depth analysis of information and mental picture of the system will substantially affect the quality of decision making, and as a result will substantially support the development and transformation of a system to overcome the challenge of highly competitive and ever-changing environments (Dubrin, 2007, pp. 416-417). The rapid

development proliferation and importance of information makes it essential for people realize the necessity and significance of continuous learning, and understanding the power of knowledge (Brown and Posner, 2001; Coad and Berry, 1998; Harvard Business School, 1998; and Harvard Business School, 2004a).

Leadership, knowledge and organizational learning

As Deming (2000b, p.101) claimed, leadership of a system is prediction, “the prediction will depend largely on knowledge of the subject matter”. It is knowledge that makes the figures and information meaningful. Many authors (Dubrin, 2007, pp. 404-413; Kotter, 1996, pp. 175-186; Senge, 2006, pp. 3-54) put forward similar arguments about the importance of knowledge as the lifeblood of modern organizational transformation. To achieve transformation, knowledge has to be upgraded through continuous revision and relearning of updated information. Deming (2000b, p.102) emphasized that for leaders, “rational prediction requires theory and builds knowledge through systematic revision and extension of theory based on comparison of prediction with observation”. Systematic revision and extension of knowledge have to be achieved through organization-wide learning (Morgan and Liker, 2006, pp. 203-204). It is the leader’s duty to motivate followers’ learning through continuous revision and observation of the system at all levels (Senge, 2006, pp. 17-26). When leadership theory developed into the new stage, the importance of knowledge and organizational learning was gradually realized (Covey, 1992, pp. 302-312; Dubrin, pp. 390-418).

Leaders should be educated to understand what the business vision is, where the business is, how to achieve the vision, why the business needs to achieve it, and how long it will take. Meanwhile, leaders should have the knowledge and techniques to lead the organization through continuous transformation (Dubrin, 2007, p. 404). Moreover,

in terms of leadership knowledge accumulation at the organizational level, the knowledge can be obtained through the thorough understanding of the organization as an operating system (Dubrin, 2007, pp. 408-409). Dr Deming's renowned System of Profound Knowledge (SOPK) provides an essential guide for business leaders to thoroughly understand the importance of knowledge and acquire the knowledge at an organizational level (Deming, 2000b, Appendix XVI).

As leaders realized the importance of knowledge and knowledge sharing, continuous learning becomes an essential process in enabling the shared vision and mission to become reality (Senge, 2006, pp. 191-215). According to Buchman and Huczynski (2004, p. 110), learning is "the process of acquiring knowledge through experience which leads to an enduring change in behavior". Consequently, encouraging learning activities and actively promoting a learning culture within the whole organization, will benefit both individuals and the overall organization (Dubrin, 2007, pp. 410-412). On one side, continuous learning would enable the overall organization as a system to accomplish the task of turning the shared vision and mission into reality. On the other side, continuous learning can steer the demand for the pursuit of organizational knowledge towards continuous improvement and innovation (Morgan and Liker, 2006, pp. 203-215). Both sides of learning contribute to the constant purpose of transformation and continuous development.

Organizational culture and learning organization

Culture is always regarded (Schein, 2010, pp. 1-5) as the soul of a nation, similarly organizational culture can be interpreted as the soul of an organization. In the modern leadership context, organizational culture is an increasingly important concept for the development and transformation of any organization (Bass and Riggio, pp. 99-111;

Buchanan and Huczynski, 2004, pp. 641-670; and Garg and Ma, 2005). As Western (2008, p.108) argued, “Organizations should be viewed as socially constructed systems of meaning; this focus is on meaning being socially rather than individually constructed”. In other words, people within an organization are systematically interrelated and interdependent (Schein, 2010, pp. 23-33). If rules and regulations were the hard aspect within a system, then culture will be the soft aspect (Buch and Rivers, 2001). Basically, the functions of organizational culture are internal integration and coordination (Brown, 1998, pp. 1-40).

In the long term, organizational culture plays an indirect role in influencing organizational human behavior, which can be seen as the complement of a leaders’ influencing tools (Lok and Crawford, 2004; Martins and Terblanche, 2003). Organizational culture is also interpreted as the reflection of the organization’s leadership style and organizational structure (Handy, 1999, pp. 180-216). In addition, leaders should be the creators, supporters, facilitators and constant developers of the organizational culture, and leaders will be the beneficiaries as well as others in the organization (Bass, and Riggio, 2006, pp. 99-111).

To establish organizational culture, leaders must be consistent with the follower in the shared mission and vision, and shared values of an organization (Schein, 2010, pp. 25-27). It is everyone’s responsibility to shape the organizational culture, thus everyone has the right of voice. It is the leader’s responsibility to encourage everyone’s willingness to contribute (Schein, 2010, pp. 219-223). To some extent, organizational culture can enhance the internal relationships between leaders and followers, and virtually lead the whole system’s development by following the same direction (Bass, and Riggio, 2006, pp. 99-111). Moreover, superior organizational culture can attract and keep capable people to work for the organization and gradually develop a long term loyalty among the work force (Schein, 2010, pp.7-22). As many transformational

leadership pioneers (Adair, 2009, pp. 3-18; Bass and Riggio, 2006, pp. 3-5; Covey, 1992, pp. 13-25) claimed, leaders should not only pay attention to the effective usage of available material resource, but also increase working efficiency through a human-oriented leadership style. Appropriate construction of an organizational culture could be an effective adhesive accumulating all the best practices that are significant to the organization into people's everyday behavior; and ultimately in the long term it could develop and transform the overall system collectively (Bass and Riggio, 2006, pp. 99-111). Consequently, many cultural ingredients such as team work, innovation, frequent and fluent communications at all levels are gradually spreading in many modern organizations (Lloyd and Mori, 2002; Martin and Terblanche, 2003). Finally, the creation of an organization's culture requires a longstanding commitment of leadership (Schein, 2010, pp. 219-234). The transformation or creation of an organization's culture could be a long and gradual process that requires constant attention and contribution of every member (Bass and Riggio, 2006, pp. 99-111; and Harvard Business School, 2002). Developing a sound organizational culture could not only harmonize the overall system, but also enable each individual understand their roles and responsibilities towards the completion of shared mission and vision (Bass and Riggio, 2006, pp. 99-100).

2.6 Summary and the New Model

2.6.(1) Summary of the literature review

According to this literature review, the main problems of current Chinese leadership practice is that there is a lack of easily understandable and effective working models or frameworks for leadership. Such leadership model could enable leaders of organizations to transform their leadership mindset and practice through continuously

transforming their leadership philosophy and practice, and thus gain the competitive advantages necessary in the ever-changing environment. Many cases of failure showed that following the traditional Chinese autocratic leadership style or simply “copying” and “pasting” advanced Western leadership concepts did not produce effective leadership and in many cases led to disaster. As a result, by combining the advantages of both Chinese leadership philosophies and Western leadership theories provide a new yet familiar model for change. In this research, the review of the seven most influential ancient Chinese schools concluded with eleven key elements of ancient Chinese leadership philosophy. By comparing these elements with the main leadership theories in the Western leadership development process, transformational leadership showed great commonality with ancient Chinese leadership philosophies, as both of them are human-orientated and system thinking based. These commonalities could not only provide a solid philosophical foundation for transformational leadership engagement but also provide Chinese leaders an easily understandable and systematic leadership framework for further leadership development. In this case, by combining the two concepts would provide the possibility to create a leadership transformation model to solve the current Chinese leadership problems.

2.6.(2) Exploring the new model of leadership

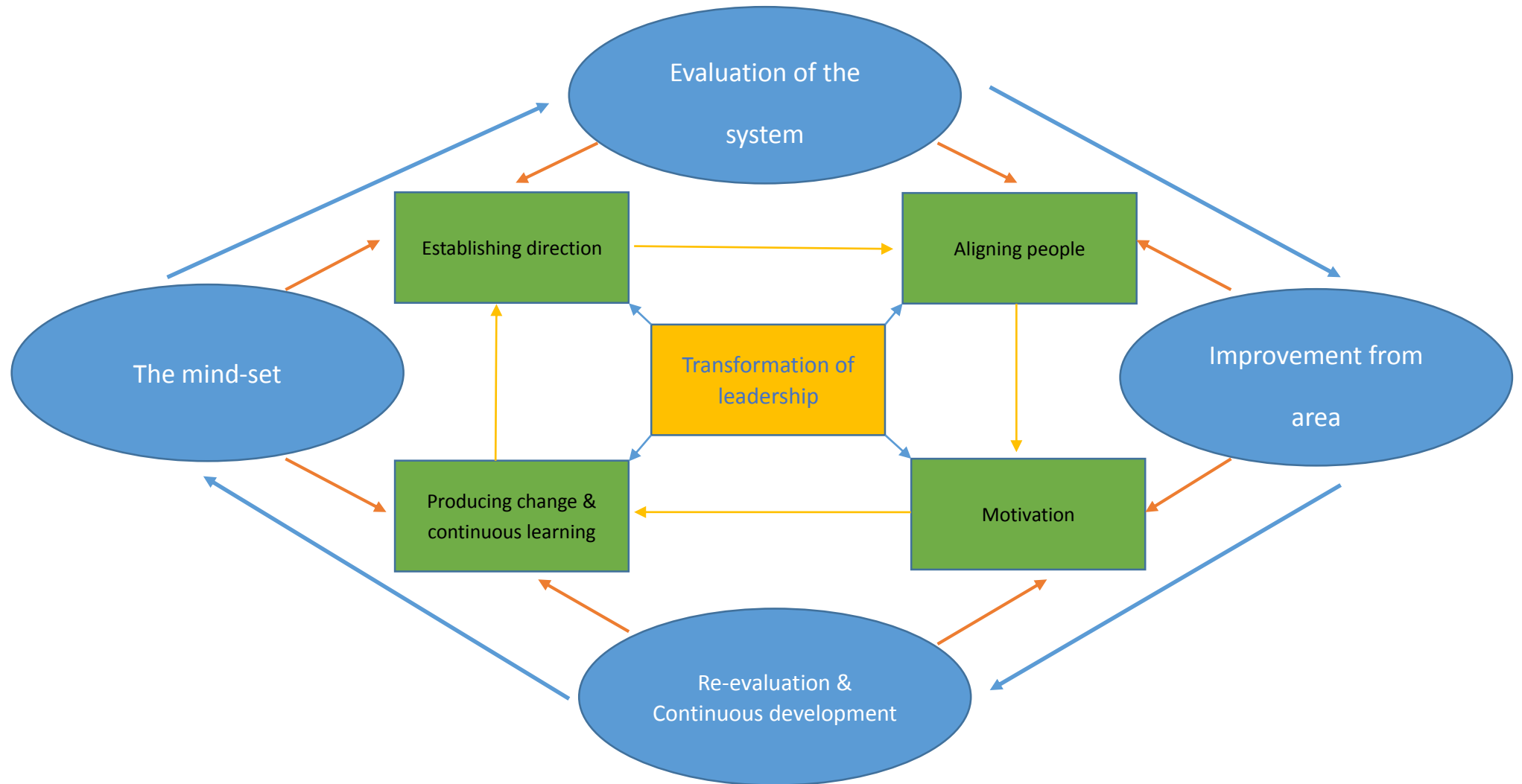
After the thorough review of the literature relating to Chinese leadership philosophies and Western leadership theories, the initial concept of a new “leadership development model” will be explored at a theoretical level. The basic concept of the model is based on system thinking and the concept of Deming’s PDCA (Appendix XVII), the purpose of which is to develop and improve the root weaknesses of current Chinese leadership philosophy and practice. It will avoid the “copying” and “pasting” approaches of the advanced concepts, because it shows a complete circle to achieve continuous development of an organization or a system, which is the key to staying ahead in the

ever-changing environment. Meanwhile, this framework is highly concordant with the “leadership transforming process”. Therefore, combining the ancient Chinese leadership philosophies and Western transformation leadership theories could not only provide a comprehensive leadership development framework in practice, but more importantly provide the philosophical guidance to enable Chinese leaders to build up a systematic framework through continuous development.

The design of this model was based on the idea of systematic thinking, and the model should be easy to understand, and simple to apply. Therefore, the structure of the model should be simple, and the logic of this model should be clear, and the key steps of this model should be systematically interrelated. According to Deming’s System of Profound Knowledge (2000b, p. 92), “a system cannot understand itself”, “the transformation requires a view from outside”, and “the first step is transformation from individual”. He also highlighted (Deming, 2000b, p. 116-117) that “transformation in any organization will take place under a leader”, therefore the leader should understand why the transformation is needed; what it will bring to the organization and people within the organization; accomplish the transformation as an obligation to himself or herself and to his or her organization; and he or she is practical and has a plan to achieve it step to step. In this case, transformation of the mind-set of the leaders was considered as the essence and prerequisite of any transformation. As the first step of the transformation model, there are two key points of mind-set, the first point is self-assessing, which aims to help the leaders build up the idea of system thinking, and thus help them understand their role and responsibilities in a system; the second point is understanding the need for change, which enhances the idea of system thinking that not only the leader is a component of the internal system, the whole organization is also a component of the external system. By following the first step, leader should have a relatively complete understanding of system thinking from individual to organization. Based on Deming’s PDCA cycle (Appendix XVII), when an organization requires to

achieve continuous improvement, it should follow the cycle of plan, do, check, and act. Enlightened by the PDCA cycle, the second step of the model is to evaluate the system (plan), because any transformation should be based on a thorough understanding of the system, and to find out the advantages and disadvantages, threats and challenges of the organization. The third step of the model is to achieve improvement from area (do). No transformation can be finished overnight; this step aims to conduct the transformation on a small scale, and to set a reference for the following plans and actions. The fourth step of this model is re-evaluation and continuous development (check and act). Re-evaluation of the system aims to observe the effects of the change, and to summarize what has been learnt from the change and what should be done in the future, and thus return to the first step and repeat the whole process to achieve continuous development.

Figure 4 The new model of leadership transformation



The mind-set:

1. Self-assessing: Ethical base of leaders

What are the foundations on which this model is built? We are more than aware that problems occur because of root causes, and in this study the causes are rooted in the organizational system. Therefore before any transformation growth can begin, leaders should fully understand the system that he or she works in by observing, evaluating and communicating with various members of the system at all levels. Leaders should always remember that they are part of the system not apart or above it, therefore, an even more fundamental thing to be aware of is that the leader should thoroughly understand him or herself and realize the existence of the system. It is especially important to emphasise that to be ethical leaders, leaders should examine their mind set: be fully aware of the responsibilities of a leader and what “a leader” means to the whole system. As claimed by Lao Tzu (Wen, 2010, p18), the great person is the leader with an in depth understanding of the “Dao” of the system; in addition, one has to understand oneself, before interpreting and influencing others. Covey (1992, pp. 40-42) had a similar argument: one has to understand oneself to find the principles and thus become a principle-centred leader. In addition, leaders should always remember that the most important and essential point of all the leadership behaviours should be based on ethical and authentic.

2. Understanding the need for change:

Leaders need to understand the nature of change and the relationship between change and transformation. It is commonly agreed by many Western and Chinese philosophers and academics (Lao Tzu, Deming, etc.), that the only constant that exists in the universe is change. Such a statement emphasizes that leaders need to understand that

the existing method is only meaningful for the given situation, and does not solve the current problem because of the constancy of change.

Transformation is regarded by many authors (e. g. Bass and Riggio, 2006; Burns, 1978; Kotter, 1990) as a proactive approach where leaders engage with the knowledge that constant change is the nature of the system; leading the followers towards a proactively planned transformation in order to adapt to changes in the system. As described by Bass (2006, p3), transformational leaders “stimulate and inspire the followers” towards the fulfilment of the shared visions. Transformation is a collective action that needs to be achieved by every member of the system. Each member of the organization needs to share the knowledge at the system level to understand their own tasks towards the success of the system transformation.

Evaluation of the system

Evaluating the situation of the organisation and the system is the first and the most important step in finding the starting point for leadership transformation. The leaders of the organization need to fully understand where to begin such a transformation. It is widely argued both in the literature and the current practice experience that organization leaders fail to solve problems because of little or no understanding of the root causes. As mentioned by many philosophers (Kline, 2013, pp. 28-35; Selye, 1974, pp. 101-109), if one does not know where the starting point is, then he does not know where the journey ends. In a rapidly changing environment, many leaders of organization are quick to tackle process without thoroughly understanding and evaluating the situation as well as themselves.

System transformation requires leaders not only have the appropriate positional power but also leadership abilities that will enable members of the system to listen and contribute their best efforts towards the shared vision and mission. As it is argued by Dr Deming (1986, pp121-124) solving problems on visible figures alone without understanding the root causes is driving companies into deadly disaster. Therefore, leaders need to fully evaluate and understand their organization (system) before taking any further action on the problem. Similarly, as claimed by Covey (1992, p24), nowadays “leaders tend to overreact or underreact to the news or events of the day”. This statement exposes a common attitude amongst current leaders of observing and reacting without fully evaluating the root causes. It is true and indeed the first priority with any types of transformation, to thoroughly read, understand and evaluate from a systematic aspect, the leaders themselves and the organisation that is transforming.

Improvement from area

Any transformation and change cannot be achieved overnight; they need a long-term, systematic approach to be achieved step by step. Leaders familiar with and a knowledge of transformation, leaders need to recognize that their team that is formed with existing subordinates. As experienced by Dr Deming (2000a, p.85): “people can face any problem except the problem of people.” The human being is the most sophisticated factor within any social system and is also the most powerful production factor. According to Kotter (1999, p.76), “Starting a transformation program requires the aggressive cooperation of many individuals”. One of the key initial tasks of leadership is influencing and motivating a group of subordinates to commit to the transformation. Therefore, recognizing, differentiating and organizing the subordinates within the system into a collective team is crucial for any transformation. Mao (Zhou, 2012, pp. 74-80) claimed that the art of leading is about understanding the majority’s benefit and leading people towards the achievement

of it. Therefore, the process of understanding the team is to recognize the individual and common needs of the members.

For example, by having a shared vision and mission, subordinates become followers at a spiritual level; such followership is intrinsic as well as extrinsic. As mentioned by Covey (1999), principle is the seed and practice is the soil and they are both necessary. Where the central principle is the compass that gives a person direction, practice encourages the principle to become the direction that is shared by the existing system, thus creating a harmonized system with a shared direction.

Re-evaluation and Continuous development

As described by Lao Tzu, the “Dao” of heaven flows continuously and never stayed the same. New problems and challenges will endlessly appear, therefore such transformation is a never ending process that cycled transmigrated as both of external and internal system changes.

The transformation of leadership and associated criteria

Following the main framework (Figure 4) “mind-set”, “evaluation of the system”, “improvement from area” and “re-evaluation and continuous development”, the overall transformation process is shown as a diagram; and it guides the philosophical and conceptual levels of change. At the same time, the four steps of leadership transformation (shown in the inside rectangle) will also provide important detailed guidance in changing the leaders’ behaviour. At the stage of “mind-set” and “evaluation of the system”, the concepts of “establishing direction” is the essential starting point for any leadership transformation, this should include an understanding of the need for transformation,

understanding the organisation as a system, the importance of leadership ethics issues associated with transformational leadership and building commitment to shared mission and vision with followers etc. In addition, during the process of “evaluation of the system” and the “improvement from area”, leaders need to pay special attention to the key points that are mentioned in the aligning people process, including interpersonal relationships, communication and trust, etc. Moreover, during the process of “improvement from area” to “re-evaluation and continuous development”, motivation will play a very important role. Furthermore, during the process of “re-evaluation and continuous development”, the concepts of “producing change” and “continuous learning” will provide further support, including information, knowledge and organisational learning, organisational culture and learning organisation, etc. In short, by combining the four steps of leadership transformation, this model will not only help leaders achieve the transformation of themselves but also lead to the transformation of the whole organisation and system. Thus, leaders and the associated organization will be transformed simultaneously through a continuous development process.

As mentioned earlier, the current embryonic form of the model has been developed in the light of a thorough review of the available literature. The fundamental concept and development framework is proposed as above. As it is at its embryonic stage, many of the detailed criteria will need to be developed through direct contact with the real “Chinese world”. The primary research with current Chinese organizational leaders will not only provide a solid practical foundation for future development and engagement of the model, but also enhance the reliability of and confidence for the future users of the model.

3. Methodologies

3.1 Introduction

The purpose of the research is to analyze and discuss the current theories and practices of ancient Chinese and modern Western leadership philosophies and styles with the aim of providing a transformational pathway for Chinese autocratic leadership styles to move toward the Western “transformational leadership style”. To address this issue and the current failures, a simplified yet robust leadership model or framework retaining the core concepts of both sides whilst retaining fundamental Chinese culture characteristics will be discussed and concluded. At the same time a model that contains both concepts will help to close the knowledge gap between ancient Chinese leadership philosophies and modern Western “transformational leadership” theories and practice. The creation of a “Sino-transformational leadership model” could potentially eliminate the current barriers of applying Western leadership theories and practices in Chinese enterprises. Therefore, it requires a systematic theoretical background as well as abundant source of practical opinions, thinking and in-depth views.

In order to fulfill the research objectives and maximize the reliability and generality of this research, both primary and secondary research will be required. In the secondary stage, a comprehensive literature review was essential, because, it is where eventually the researcher is able to point out the contradictions and gaps in existing knowledge (Jesson, Matheson and Lacey, 2011, p. 10). In terms of primary research, the methodologies which were applied were mainly “qualitative research” methods, including comparative case studies, semi-structured interviews and focus groups. According to Bryman and Bell (2003, p. 280), compared with quantitative research, qualitative research tends to be

concerned with words rather than numbers and there are three main features: an inductive view of the relationship between theory and research; an understanding of the social world through an examination and interpretation of that world by its participants; and an ontological position described as “constructionist”. As a result, because of the philosophical sophistication of leadership research, “qualitative research” was considered the more appropriate with regards to studies concerned with human behavior rather than “quantitative research” method which is statistics orientated. In particular, case study was selected as the main qualitative method, which can be employed as a highly effective “human orientated research” method to substantially illustrate the distinctive human quality of leadership. With the “qualitative” difference from the survey, the “case study” draws conclusions on the basis of “qualitative” analysis of scores from one single instance (single case study) or from a small number of instances (comparative case study), while the survey draws conclusions on the basis of a “quantitative” analysis of data from a large number of instances (Dul and Hak, 2008, p. 5). In order to improve the reliability, multiple comparative case studies were carried out in this research. The main focus aimed at finding out the problems in real world and providing possible solutions to address the problems in practice. Consequently, primary research to collect primary data was regarded as both important and significant.

Interview is considered as a widely deployed “qualitative” research method and is considered both significant and effective in collecting quality orientated primary data. According to Arksey and Knight (1999, p32):

“Interviewing is a powerful way of helping people to make explicit things that have hitherto been implicit – to articulate their tacit perceptions, feelings and understandings”.

There are five different types of interview, namely “structured interviews”, “semi-structured interviews”, “non-directive interviews”, “focused interview”, and “informal conversational interviews” (Gray, 2009, p. 371). As each of these types has its own advantages and disadvantages, “semi-structured interview” was chosen to be the most

appropriate approach, because it allows for probing of viewpoints and opinions where it is desirable for interviewees to expand on their answers to demonstrate more “qualitative data” (Gray, 2009, p. 373).

Another “qualitative research” method that was applied in this research is “focus group”. It is widely agreed (Bryman and Bell, 2003, pp. 368-371; Gray, 2009, p. 389) as an important supplement and consummation of “case study” and “semi-structured interview”. As Bryman and Bell (2003, p. 369) observes “focus group” is always bound up with the use of “qualitative research” in general. The use of “focus group” would expand the collection of leadership viewpoints as “qualitative data” both vertically and horizontally. Furthermore, in order to evaluate the new leadership transformational model which was created in previous research, “expert opinion” was applied due to its high efficiency. Expert opinion can be applied either as a source of general guidance and clues or the final data based on the research conclusion (Simon, 1978, pp. 208-209). In short, the combination of the four supplementary “qualitative human orientated research” methods would not only reinforce the overall effectiveness of the data collection, but also widen the data collection range to include a more diverse variety increasing the quantity of the data. All the research method selections were based on three objective stages. The justification of used methodology is shown following:

➤ Qualitative research:

First of all, the research time is very limited, and the research topic is human-orientated (discuss about people’s thoughts, opinions and behaviors), therefore, all the design of research methods is based on these.

Compared with quantitative research, qualitative research tends to be concerned with words rather than numbers and there are three main features:

1. an inductive view of the relationship between theory and research;
2. an understanding of the social world through an examination and interpretation of that world by its participants;

3. an ontological position described as “constructionist”.
- Multiple comparative case studies
 1. Case study is a highly effective “human orientated research” method to substantially illustrate the distinctive human quality of leadership.
 2. It draws conclusions on the basis of “qualitative” analysis of scores from one single instance (single case study) or from a small number of instances (comparative case study).
 3. In order to improve the reliability, multiple comparative case studies were carried out in this research.
 - Semi-structured interview
 1. Interview is considered as a widely deployed “qualitative” research method and is considered both significant and effective in collecting quality orientated primary data.
 2. Semi- structured interview allows for probing of viewpoints and opinions where it is desirable for interviewees to expand on their answers to demonstrate more “qualitative data”.
 - Focus Group
 1. Focus group is widely agreed as an important supplement and consummation of “case study” and “semi-structured interview”.
 2. It would expand the collection of leadership viewpoints as “qualitative data” both vertically and horizontally.
 - Expert Opinion
 1. Expert opinion can be applied either as a source of general guidance and clues or the final data based on the research conclusion.
 2. It is useful as a source of objective information that might be more difficult to collect by other techniques.

3. Especially, expert opinion is more important to be used for “judgments that require examination of an entire context, that is, taking into account an ill-defined total picture rather than a limited number of well-defined factors”.
4. Another feature of expert opinion is that it is crucial when the judgment involves human values.

In terms of bias, both quantitative research and qualitative research is a human activity subject to the same kinds of failings as other human activities, and especially when people justify the issues of research validity, one particular way is to focus on error and bias (Norris, 1997, p. 173). The potential sources of bias in research may include (Norris, 1997, p. 174):

- The *reactivity* of researchers with the providers and consumers of information;
- *Selection biases* including the sampling of times, places, events, people, issues, and questions and the balance between the dramatic and the mundane;
- The *availability* and *reliability* of various sources or kinds of data, whether in general or their availability to different researchers;
- The *affinity* of researchers with certain kinds of people, designs, data, theories, concepts, explanations;
- The *ability* of researchers, including their knowledge, skills, methodological strengths, capacity for imagination;
- The *value preferences and commitments* of researchers and their knowledge or otherwise of these;
- The *personal qualities* of researchers, including, for example, their capacity for concentration and patience; tolerance of boredom and ambiguity; their need for resolution, conclusion and certainty.

Although it is easy to list the potential sources of bias, it is not possible to systematically eliminate bias and error if following specific procedures (Norris, 1997, p. 174). However, there are still some methods to avoid some bias and improve the validity of qualitative

research. According to Norris (1997, p. 174) “to think of the social processes that might keep research honest and fair and enhance its quality”, he pointed out that “a consideration of self as a researcher and self in relation to the topic of research is a precondition for coping with bias”, also “the view of participants in the research can be elicited to learn how they see the researcher, the process of research and the accounts it has generated (participant validation).” In addition, as Daly and Lumley (2002, p. 299) indicated, a well-selected and diversified research sample is important, if the findings are based on the expected range of social setting that are likely to contribute to a particular experience, this strengthens the generalizability of the conclusions; if the conclusions are consistent with the literature, while adding something new, this strengthens the conclusions, and proving it is not an idiosyncratic interpretation. All of above points were taken into serious consideration during the process of the design of research methodology and the selection of research samples. More discussion about ethical issues and bias is shown in a later section (Chapter 3. 5).

3.2 Stage one: secondary research

Theoretical background

According to Boote and Beile (2005), it is impossible for a researcher to conduct significant research without first understanding the literature in the field of study. It is particularly fundamental to demonstrate a critical awareness of the related knowledge in the research field (Gray, 2009, p. 99). Therefore, “secondary research” is essential in forming a significant “theory base” by carrying out a thorough and systematic literature review. The main aim of substantially reviewing the literature of both Chinese and

Western leadership philosophies and theories was to identify the similarities, differences and potentially the knowledge gaps between them, and then to create a potential “leadership transformation model” at the theoretical level. Based on this objective, abundant “secondary research” was carried out, and it was carefully designed to build a sound logical “knowledge infrastructure”. With regard to the review of the “ancient Chinese leadership philosophies”, a holistic view of the most important leadership thoughts in ancient China was shown, and the two most influential modern Chinese leaders, Mao Zedong and Deng Xiaoping’s leadership philosophies and practices have been substantially reviewed and discussed, in order to provide a clear picture of various insights from their lifelong experience of modern Chinese leadership theories and practices.

The ancient Chinese leadership thoughts were from the seven philosophical schools which exerted a continuous influence throughout the history of Chinese civilization up to the modern day. The profound and substantial philosophical impacts they made to the “leadership contexts” are still significant for modern leadership practices (Hou, 2009, p. 1). Besides the widely-known Confucianism, the six other important philosophical schools are I Ching, Taoism, Buddhism, Mohist, Legalism and Militarism. These schools have accumulated many philosophical similarities and differences throughout a very long history. They have gradually influenced the Chinese people’s thinking and social life for thousands years since the Zhou dynasty (Jiang, 2010, p. 7). They all played important roles at different stages of the various Chinese dynasties and were well deployed by Chinese emperors as a major or supplementary leadership beliefs even if they were from different regions.

Nowadays in modern China, regardless of the type and size of the organization (e.g. business, political, social etc.), people, especially managers and leaders, are still largely influenced by these traditional philosophical and moral values (Qiao, 2008, pp. 1-6). In

addition, as the most influential and important modern Chinese leader, Chairman Mao is viewed as a significant leadership model who combined the traditional Chinese values and Marxism-Leninism theories in the revolutionary period of the early 20th century, especially in the turbulent period when the People's Republic government was newly established (P.R.C period since 1949). His particular leadership recipe proved that traditional leadership thoughts were still very powerful in modern practice (Chung, 2000, pp. 30-54).

Today, facing the challenge of the globalization, the appropriate combination of ancient Chinese leadership philosophies and Western leadership theories are increasingly necessary as China has one of the most multifarious social systems in the modern world (Chen, 2005). If both theories are appropriately understood, combined and applied collectively, they will contribute a continuing model of wise leadership for modern people. The central concept of globalization requires people to understand each other from different angles, the benefit of such a combination would be much more powerful than adding these components individually. Thus the effect being supplementary as well as reinforcing (Dahlgaard-Park, 2006).

As with any human leader, Mao made some serious mistakes in his last days. The crisis of the Cultural Revolution proved that “bureaucratic hierarchy system” and “autocratic leadership” were deeply rooted in Chinese leaders' minds. Throughout a history of more than 2000 years, “autocratic leadership” has been cultivated by the bureaucratic system. To a certain extent, the bureaucratic tradition is considered to be the toughest social boundary for leadership transformation (Bachman, 1991, pp. 214-235), and further approaches need to be discovered.

At basically both country theories, the secondary research of Western leadership theories and practices was carried out. As a theory of social science in a relatively new filed, a

significant and influential philosophy of leadership has been researched and developed for centuries. The philosophies of leadership are various and have a very long and complex history in Western culture. The social and political background is very different and diverse. Due to the different economic and social development patterns, and the rapid economic growth after more than 100 years of the Industrial Revolution, it is widely believed that Western leadership systems are more systematic and advanced than Chinese systems (Li, 2008, pp. 1-4). The most recent research has determined that transformational leadership theory is the most distinctive and indeed profound model of leadership guidance and leadership practices (Bass and Riggio, 2006, pp. 1-3). Further to this comparison between ancient Chinese philosophies and the Western leadership theories showed that transformational leadership shares a substantial common basis with ancient Chinese philosophies. This fact has focused the core of the review of Western leadership theories on to “transformational leadership” as the means of achieving leadership transformation in China. The review of the development history of Western leadership theories and related literature, four main steps were identified and analyzed, namely “establishing direction”, “aligning people”, “motivation” and “producing change”. In each step, there are some important leadership elements that were highlighted, for example “understanding the need of change”, “shared mission and vision”, “interpersonal relationships”, “communication”, “empowerment” and “organizational learning” etc. These elements include the differing nature of leadership and the emerging expectation of an effective leader’s character in different transforming stages from “transactional (or other) leadership” to “transformational leadership”.

Through the secondary research, and a general review, a fundamental understanding of the core elements of both the ancient Chinese leadership philosophies and modern Western leadership theories (transformational leadership in particular) has been established. Based on the understanding of both leadership philosophies, it was found that they have many similarities in terms of philosophical and conceptual ingredients (e.g. “system thinking”,

“empowerment”, “communication” etc.). The appropriate combination of both styles of thought and practices could be a possible solution for further improvement of the current Chinese leadership beliefs and practices.

The literature reviews have also highlighted the theoretical gap between these two leadership styles. The traditional bureaucratic social system is now facing the demanding challenge of globalization, Chinese leaders face an over whelming necessity for leadership transformation, in order to address the current insufficiencies generated by autocratic leadership practices. The questions of how to combine “transformational leadership” (one of the latest and most advanced Western leadership theory) with “ancient Chinese leadership philosophy” (as embedded in the culture for thousands years) what is required in order to produce a simplified and user-friendly approach for leadership transformation? What are the potential prerequisites and barriers in the “real world” of China? Furthermore, the way to close the knowledge gap and to address the current problem in leadership practices, this requires a more thorough analysis of both successful and unsuccessful Chinese businesses in order to identify the key requirements for Chinese “leadership transformation” in practice.

3.3 Stage two: primary research and secondary research

3.2. (1) Case study

Based on the results from secondary research, the similarities and differences between “Chinese leadership philosophies” and “Western transformational leadership theory” have been analyzed and determined, from which the initial framework of the transformational

model was created. The possibilities of transforming the traditional Chinese “autocratic leadership style” to a “Western transformational leadership style” through the application of the combined “Sino-transformational” model needed further investigation. Consequently, the prerequisites and barriers would need to be identified and the solutions to these problems would be verified through an investigation into current Chinese leadership practices. The main aim of the research objectives, in stage two, was to contrast the results of the literature review with current practice in China, thereby to test the functionality and usability of the created model, and to improve the model in order to ensure that the resultant new model would be suitable for the current Chinese situation.

The “Sino-transformational” model needs to include the key elements of both transformational leadership theory and ancient Chinese philosophy, and importantly be simple to understand, and friendly and approachable from achieve perspective. Therefore, the secondary research was continued to find out in practice the similarities of both systems. Human beings are complicated and sophisticated operating systems that combine countless variables, such variables are very hard to determine, capture and measure by numbers or “quantitative” dimensions. Therefore “qualitative” research was seen as more appropriate for evaluating such a human, and “quality orientated” situation.

The limited time and resources of this research make it impossible to obtain “quantitative” databases that provide enough statistical data to precisely determine the reality of leadership practice due to the countless variables associated with “leadership behaviors” and the elements affecting it. “Qualitative” approaches, on the other hand, provide a much richer and more holistic picture of the research objectives. The use of multi-dimensional interactive qualitative data collection eliminated the possibility of being misled by statistical figures (Grey, 2009, pp. 164-165). Therefore, as a very effective “qualitative” research method, case studies were conducted. A case study could be defined as

“A study in which (a) one case (single case study) or a small number of cases (comparative

case study) in their real life context are selected, and (b) scores obtained from these cases are analyzed in a qualitative manner.” (Dul and Hak, 2012, p. 4)

According to many scholars (Eisenhardt, 1989; Feagin et al, 1991; Thomas, 2004; and Yin, 1989), “case study” is a powerful methodology when a holistic, in-depth investigation is required. This is especially true when dealing with the subject of leadership as human orientated research tool of sociological science, “case study” is an ideal research method with emphasis on a thorough understanding of complex existing phenomenon. It can provide multi-dimensional sources as other surveys and research can be performed simultaneously. The outstanding advantages of “case studies” are that it can provide a holistic and clear view of the interrelationship between the “occurrence” and “context” in a relatively limited time (Dul and Hak, 2012, pp. 3-4). Therefore, “case study” is an effective and efficient method that corresponds to the requirements of this stage of the research in this research stage.

However, as a single research method, the limitation of case study has many criticisms (Soy, 1997; and Thomas, 2004), relating to problems of the reliability and generality of the findings in a small number of studies. To eliminate or reduce these drawbacks, carefully designed “multiple case studies” are believed to be a more robust method (Christie, et al, 2000). As a result, the detailed research plan and selection of the targeted firms has been taken into consideration and a well-designed “multiple case study” was employed in order to minimize any drawbacks. Also, it can be interpreted as a “comparative case study”, which requires data from more than one instance to achieve the research objectives (Dul and Hak, 2012), thus the similarities and differences of the selected cases can be compared.

In this research, six Chinese businesses were used as the samples for the case study. They run business in different fields both the manufacturing and service sectors as well as

government owned and privately owned, such as financial corporations, retail giants and local manufacturing SMEs etc. Some have leading advantages in their own areas with ambitions for further improvement, whereas others are falling behind their competitors and seeking a solution. Most importantly, they all have experience of “leadership transformation” at some stage of their development. However, in terms of leadership, four of them are relatively more successful than the other two, and an investigation as to why is needed.

Therefore, the “multiple case study” dealt with a comparison of the six firms to find the common reasons for success from the four successful companies and to analysis the common reasons for failure from the two unsuccessful companies, in order to understand the reality of the current situation of Chinese leadership regarding the transformation process and how it could be improved. The companies who took part are as following the China Minmetals Corporation, China Orient Asset Management Corporation, Beijing Easyhome Investment Holding Group Co., Ltd., HaiDiLao catering Co., Ltd and TongYun Electric Factory and the Spring Group.

The six companies were chosen in discussion at a group meeting (focus group) centered on the design of the selections, and this was the initial stage of the research. The group was composed of twenty organizational leaders and academics in the leadership field, and they were invited by the author to have a dinner meeting (focus group) to discuss current Chinese leadership theories and practices. The choice of a dinner meeting was not only to provide a relaxed and informal environment for discussion (psychological comfort for opinion expressions), but also to follow the Chinese tradition of “making connections” (GuanXi). “Making connections” with a variety of people with leadership experience would provide the situational correct basis for the further investigation of the data collection. As it is noted by many authors (Wang and Chee, 2011; Wood, Whiteley and Zhang, 2002), GuanXi is the absolute essential for anything in China, this research being

no exception.

Many academics and practitioners were selected on the principle of their intrinsic interests in “leadership transformation” topics through various existing “connections” (GuanXi of family, friend and leadership academics etc.). Selections were made through different channels to eliminate the bias of “single selection” information. Coincidentally, most of them had the experience of leadership change at some point in their careers either themselves or as an observing follower, which reflects the rapid management and leadership changes in the wave of modern Chinese Economic Reforms since 1978. The principle of the selection based on choosing a set of people with associated interest (intrinsically motivated) in leadership transformation, to ensure the opinions would reflect authentic and actual knowledge and experiences.

As previously mentioned, the leaders were from various organizations, including local government, state-owned business, non-profit organizations and SME (Small and Medium Enterprises). The experts and scholars in the leadership field included leadership professors in universities and retired organization leaders. During this meeting, both the leaders and the experts commented on the importance of this research topic. They pointed out the current problems of leadership systems in China, for example: “bureaucratic”, “authoritarian”, “autocratic”, “employees are not intrinsically motivated”, and were particularly concerned with attitudes of “seeking a quick fix”.

They recognized there are many basic barriers of applying Western leadership theory in Chinese leadership systems. The idea of “transformational leadership” was known but not fundamentally understood by the majority of the participants. Many claimed Western management tools are promotional elements or advertising features aimed at customers, which are rarely deployed at organizational level. Some of the business leaders had encountered Western leadership through translated text and found it very hard to

understand.

They agreed that China is facing significant changes and challenges, and it is extremely important for Chinese leaders to change their bureaucratic leadership practices. Many claimed “bureaucratic leaders are out of date highlighted by their low level of efficiency”. They recognized the need for leaders to open their minds to learn key leading theories and techniques from both Chinese and the Western ideas in order to improve and transform their leadership practice. As Deng Xiaoping claimed (Vogel, 2012, pp. 392-393) at the beginning of the Reformation in 1978, that “we need to learn from the expert, from the people who really understood the matters”.

The idea of combining the ancient Chinese philosophies with the Western leadership theories was discussed and they shared some successful leadership changing experiences relating to this topic. They also voiced their doubts and uncertainties as to the combination. Many thought the bureaucratic leadership mindset is the fundamental barrier to leadership transformation whilst others shared their experience of having an engaging leader who dramatically motivated their willingness to contribute. It was commonly agreed that there is need for transformation but a detailed and appropriate approach has to be formulated. With their help and valuable opinions, the author was able to gain an authentic understanding of the research problem, and the research aims of case study were much clearer. The relaxed and open setting of the dinner meeting allowed many free frank and earnest discussions to take place and provided a multi-dimensional understanding of the existing leadership problem in practice.

As the group meeting progressed, several targeted companies were considered as examples of leadership in practice, and many in the group had worked in or interacted with the companies. After a thorough discussion, six companies were selected as the main body of the “comparative multiple cases studies”. The selection of case studies by and

with the group members brought a depth and breadth of knowledge and experience in determining the validity and suitability of selected companies.

Firstly, the range of the company was discussed in making the choice and the need for a wide range of coverage in terms of status (state owned or private owned), types (manufacturing or service) and size (cooperation or SMEs). Such a selection would eliminate the bias of “singular selection” thus increasing the validity of the research result.

Further discussion was on the characteristic of the firms. The common character of all the selected firms was leadership changes at some point of their existence. The most recent one happened three years ago. This was not limited to change of leader but also the consequences of change to any aspect of the organization of the firm. Secondly, the common characteristic is all the firm had to be complimentary to each other in terms of gathering of data. In other words, they have to have strong contrast with each other. For instance, China Minmetals Corporation (CMC) has been state-owned giant in the mining sector for more than 60 years whereas HaiDiLao Ltd. is a privately owned rapidly growing nationwide food chain starting from a SME with 2 people in 1994. Having such marked contrasts, would not only expand the range of the researched companies to increase the validity of the “qualitative” data, but also provided authentic insight into the effect of leadership as a “human quality” in different contexts.

The third common characteristic was that all the researched companies have a relatively strong dependence on their leadership. In other words, leadership is the most determinant factor in the company’s development. This indicates that the company will have a strong focus and willingness for leadership development, thus providing relevant data for the research. Moreover, most of the selections are well known firms in its region, many of them are nationally known. Many of them are well known by the public and many previous researches have been undertaken into varies aspects of them. Having well

researched case studies could provide a considerable amount and range of valuable data and resources from different viewpoints, and support the validity of the research material. In conclusion, the selection was based on the above mentioned criteria. Most of the further connections to the targeted research companies were made through the original group members on the basis of strong interests in leadership development. Through these connections the author not only gained the opportunity to discuss leadership problems with the company leaders, but also to have the opportunity to work in the company as an ordinary employee in order to observe the organization. These experiences have enabled the author to gain a fuller appreciation and deeper understanding of the reality of existing leadership issues and problems.

3.2 (2) Semi-structured interview

At the same time, as an important supplement and extension of the case study, some primary research was applied, in order to find out the problems of and practical advice for applying Western leadership theories in a Chinese leadership system. The main primary research method engaged in this research was “qualitative” research techniques, such as interviews, in order to explore the intrinsic feeling and perceptions of people. Interview can be defined as “a conversation between people in which one person has the role of researcher” (Gray, 2009, p.367). As one of the key “qualitative” research techniques, the interview seeks to describe the facts and meanings of central themes in the real world of a certain topic or subject (Kvale, 1996). Through face to face interviews, the interviewer can gain multi-dimensional information such as the attitude, detailed explanations and thoughts from interviewees via direct contact and two way communications (Bryman and Bell, 2003, pp. 340-341).

As mentioned above, there are five types of interview and the two main types of

“qualitative” interview are unstructured and semi-structured interviews. The feature of the semi-structured interview is that it can make sure the research direction and structure are controlled while the communication environment between interviewer and interviewees is relatively free (Knapik, 2006).

Compared with an unstructured interview, a semi-structured interview can help interviewers to collect abundant and thorough data by following a clear direction and structure (question list) (Bryman and Bell, 2003p. 343). Therefore, semi-structured in-depth interviews were engaged in this research. The questionnaire (question list) of the semi-structured interview is shown in Appendix XVIII. The design of this questionnaire followed this order: the background of each company, understanding of leaders and leadership, the current state of leadership practice in researched Chinese business, and exploring and developing the new model. A “qualitative” interview also has some limitations, such as drawbacks of subjectivity, generality and validity, and difficulty in codifying and analyzing interview data etc. (Gray, 2009, pp. 165-166). Therefore, from the planning and preparation stage to the analysis stage, attention should be paid to these drawbacks.

3.2. (3) Focus group

In order to eliminate the limitations of the case study and individual semi-structured interviews, another “qualitative” research technique needed to be involved: “focus group”. It was applied in both the selection of case study samples (as mentioned in 3. 2. (1)) and the supplementary of semi-structured interview. Generally speaking, “focus group method” can be described as an interview with several people (normally six to ten members) on a specific topic or issue (Bryman and Bell, 2003, p. 367). Compared with other “qualitative” research methods, “focus group” provides a possible way to gain an overview of various

opinions at a comprehensive level, and it is more effective (Morgan, 1997).

Compared with one to one interviews, “focus group” provides a relatively relaxed communication environment to allow group members to explore and clarify their views through discussion with others (Kitzinger, 1995). Therefore by engaging “focus group”, the validity and generality of this research can be increased. In this research, in each case study firm, five members of the focus group were invited to give their interpretation of current leadership problems clarify the research materials, and finally come to a conclusion of a possible solution of the current problems. The ten members in the “focus group” were selected from different levels and working positions of the company (topics are available in Appendix XIX).

“Focus group” also has limitations as the abundant data may be difficult to be analyzed, the group meeting may be difficult to control and organize, and the recording may be difficult to transcribe etc. (Bryman and Bell, 2003, pp. 380-381). However, when this research method is combined with the findings and results of the previous case studies and individual interviews, these limitations can be greatly reduced.

3.4 Stage three: primary research

Expert opinion

After research stage one and two, the gap and barriers of applying Western leadership theories in Chinese firms was more clearly defined and detailed. Based on these findings and related knowledge, an initial form of the leadership transformation model was created, and the current problems of Chinese leadership in practice was discussed. However the

initial model could not be fully formed and was not comprehensive enough, therefore the next stage of this research was to evaluate this model in order to make the model more robust. According to the research objectives in stage three, a very important evaluative method was applied to test the implementation of the new model, in order to analyze whether this model can help leaders to improve their leadership style and management system. Usually, it may take three to five years or an even longer time to evaluate how a leadership model works and its efficiency and effectiveness. As the time of this research is limited, to evaluate this new model in practice is nearly impossible. Therefore, in this regard the collection of expert opinions could be an effective way to evaluate and judge the “new leadership transformation model” in a relatively short time. According to Simon (1978, p. 208), expert opinion means “the judgment and estimates made by people who have spent much of their time working with a particular subject and who have gathered much general information that has been filtered through their minds and stored in their memories”. Expert opinion can be applied either as a source of general guidance and clues or the final data based on the research conclusion (Simon, 1978, pp. 208-209).

When applying expert opinion, it is often because it is useful as a source of objective information that might be more difficult to collect by other techniques (Simon, 1978, p. 209). Especially, expert opinion is more important to be used for “judgments that require examination of an entire context, that is, taking into account an ill-defined total picture rather than a limited number of well-defined factors” (Simon, 1978, p. 209). Another feature of expert opinion is that it is crucial when the judgment involves human value (Simon, 1978, p. 210). By applying expert opinion, the sample can be only one expert, or a few experts, however in most cases researchers prefer to choose a few experts, because if they thoroughly understand his or her field, then there will be relatively little variation among their opinions (Simon, 1978, p. 210). In short, expert opinion is always believed as “an important source of knowledge in science as well as in everyday living” (Simon, 1978, p. 211).

By collecting data, “qualitative” research methods were seen as the best choice to collect primary data from experts, especially with the application of interviews. Qualitative research could be more suitable in terms of judging people’s opinions on objective issues (Gray, 2009, pp. 164-169). Therefore, qualitative interviews were appropriately applied in order to collect some thorough explanations and the thoughts of individuals about the problems and limitations of the new model, and potential solutions and improvements to the problems and drawbacks. Three experts were selected: an academic of more than 20 years of experience of modern leadership research, an expert in research on the history of Chinese leadership, a business leader of a SME. Such a selection would not only give a validation on both the academic and practical elements, but also a validation with respect to the context of one of the most important business component model in China. The questions of the expert opinion interview was shown in Appendix XX.

3.5 Ethics issue and bias

“Ethics issue” is a topic that cannot be ignored, because it relates directly to the integrity of a piece of research and of the disciplines that are involved (Bryman and Bell, 2003, p. 535). In business and management research, two main issues should be considered (Bryman and Bell, 2003, p. 353)

- How should we treat the people on whom we conduct research?
- Are there activities in which we should or should not engage in our relations with them?

In practice, there are four ethical principles which should be followed by the research process (Gray, 2009, p. 73), they are:

- Avoid harm to participants.

- Ensure informed consent of participants.
- Respect the privacy of participants.
- Avoid the use of deception.

In this case, the researcher has ensured that all the interviews are clearly recorded and an ethical contract was signed by both parties. All the research material was understood by the interviewees. The semi-structured questionnaire was clearly explained to the interviewees and conducted by both parties. All the material mentioned are hand recorded by the interviewer with the final confirmation from interviewees at the end of interviews. The research aims and key questions are explained clearly before the interview to make sure the participant has gathered a comfortable amount of understanding of this research. The privacy of the participant is kept securely with no publication to anyone who is not associated with the study including other participants. The possibility of examination from the University examiners are explained and agreed by the interviewees. Both the focus group and semi-structured interviews are designed with open questions. Participants are invited to express their interpretation and opinions on the given question with no intention of any deceptions (more details showed in Appendix XXI).

In terms of bias, according to Simon (1978, p. 276), “in scientific usage, bias is merely a tendency to observe the phenomenon in a manner that differs from the ‘true’ observation in some consistent fashion”. Especially in “qualitative” research, how to eliminate the bias and enhance the validity and reliability are widely discussed (Gray, 2009, pp. 190-195 Rajendran, 2001). This is because some critics suggested that “qualitative” research is “unscientific”, anecdotal and based upon subjective impression; lack of reproducibility and generalizability (Gray, 2009, p. 189). Some other scholars (e.g. Mays, 1995) also pointed out that “qualitative” research is so personal to the researcher that another researcher might use the same data to form different conclusions. In this case, many suggestions were given to eliminate the bias and increase the rigor, and attention should be paid to this issue throughout the whole process of research from research design to data

collection, from select samples to analysis data (Gray, 2009, pp. 189-195; Rajendram, 2001; Simon, 1978, pp. 275-279 & 309-316). Because this research mainly applied “qualitative” research methods, therefore, the bias issues were carefully dealt with by following the general guidance of Table 5 (Gray, 2009, p. 194).

Table 5 Comparison of criteria for judging the trustworthiness of qualitative research

Conventional Terms	Naturalistic Terms	Naturalistic Terms Developed Through...
Internal validity	Credibility	Examining the study design and methods used to derive findings
External validity	Transferability	Exploring the degree to which findings are context bound, so assessed by examining the characteristics of sample.
Reliability	Dependability	Evaluating reliability of study’s conclusions
Objectivity	Conformability	Addressing the degree to which steps of the study can be audited, confirmed or replicated.

According to Table 5, it shows that to maximize trustworthiness, a researcher should consider these issues from the very beginning to the end step by step. In this research, all the applications of research methods were carefully designed, five research methods were involved to maximize the credibility of the research. Each case study sample and the interviewees were selected by logical analysis and holistic design to achieve transferability. All the interviewees has signed a declaration about the research (see Figure 5, and full signed document is available in Appendix XXII). All the research data was cautiously collected and recorded without subjective increase or reduction (hiding or deception) or any other reason, to ensure the dependability of the analysis and conclusion based on the


data. Due to the information from the literature review, and the representation of each sample, the conformability could be greatly supported and improved.

Declaration

I, undersigned Liu Bingxiang, female, professor of Party School of the Central Committee of C.P.C., specialized on leadership research and leadership education.

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature: 

Date: 15.6.2017.

Figure 5 Example of ethical issues declaration

4. Data

4.1 Case study

4.1. (1) China Minmetals Corporation

China Minmetals Corporation (CMC) is one of the most important and largest mining and mineral trading cooperation not only in China but also one of the top 100 corporations in the world. It was founded in 1950 as a merger of several state-owned mining enterprises, and has been appointed by the government as a major import and export channel for precious metals and minerals in the “Economy Planning stage” pre-1978.

During the rapid development of China’s economy and the one set of intense global market competition, CMC entered a new phase which required a substantial transformation in order to survive the forces of globalization. It has successfully transformed from a traditional, state-owned enterprise under the Planned Economy to a modern, government owned, independent, and internationally-operated enterprise.

From a pure import and export company to a metals and minerals group CMC become the major supplier of industrial resources and covers all areas of the business logistic chain including some associated financial sectors. From a specialized company purely engaged in product operation to an integrated group with a combination of industry and finance, the transformation of CMC has achieved a much stronger competitiveness, and now it is an international metals and mining corporation committed to provide high-quality services globally.

Its business area includes exploration, mining, smelting, processing and trading for metals and minerals. It also engaged in finance, real estate, and mining and metallurgic technology, with a business scope covering 26 nations and regions in the world. It is headquartered in Beijing, and has 17.7 thousand employees and controls nine public listed companies at home and abroad, and its total assets amounting to RMB 242.1 billion. In 2011, CMC achieved operating revenue of RMB355.2 billion and total profit of RMB 12.765 billion. It ranked No. 169 among the Fortune Global 500 and No.4 among metal companies.

4.1. (2) China Orient Asset Management Corporation

China Orient Asset Management Corporation (COAMC) was founded on the 15th of October, 1999. It was approved by the State Council and the People's Bank of China, and registered with the State Administration for Industry and Commerce as a wholly state-owned financial institution.

Its main business fields include purchasing, managing and disposing of non-performing loans (NPLs) from the financial institutions, it also engages in the investment banking business. Since it was founded, COAMC has played a significant role in many financial areas, such as NPLs management and disposition, debt-to-equity swap, entrustment of risky financial institutions, etc.

As one of the leading companies in this business field, COAMC pays great attention to its employee's education levels. According to their official website (<http://www.coamc.com.cn>), 95% of employees have a college degree or higher, nearly 500 employees have a professional certification such as CPA (Certified Public Accountant), (Chartered Lawyer Certificates), etc., and 30 of them have qualifications for

higher management of securities companies.

In light of the current situation (trends in the global), COAMC needs a series of transformations: transforming to a commercial operation, “surrounded concept” and carrying out “mechanism” and “operation” transformation. In order to successfully achieve this, COAMC established sufficient-centered operation including guideline of enterprise “quality control management” etc. Until now, COAMC has focused on improving its core competitiveness and transforming into a modern financial enterprise with strong and comprehensive operational capability.

4.1. (3) Beijing Easyhome Investment Holding Group Co., Ltd

Beijing Easyhome Investment Holding Group Co. Ltd was founded in March 1999. It is a large-scale, state-owned shareholding enterprise invested in by 33 shareholders such as National Integrated Company of Hualian Commerce Building, and Beijing ZhongTianJiYe Investment Management Co., Ltd, etc. It has around RMB 81 million (8.1 million GBP) registered capital.

The main business scope of the company is to provide “One-stop” services including decoration design, decoration materials, furniture, home supplies and decorations. Specifically, it runs a large-scale shopping center which integrates home decoration design centers, furniture and construction materials markets, branded furniture and construction materials stores, construction materials supermarkets, and home supplies markets, etc. Presently, there are 66 established branches, and the total business area of all the branches is approximately 3,000,000 square meters, with over 25 billion RMB (2.5 billion GBP) annual sales.

Beijing Easyhome has continued to hold the title of “the Top 10 Business Brands of Beijing”. In 2012, the State Administration for Industry and Commerce appraised the company as one of the “well-known marks in China”, to commend its leading position in its field.

4.1. (4) HaiDiLao Catering Co., Ltd

HaiDiLao Catering Co., Ltd was founded in 1994 in a small town in Sichuan province, and it is a large nationwide privately owned food chain corporation. Its main catering business is providing Sichuan style hotpot which combines the regional characteristics from many different areas of China. Its core vision is to become the largest hotpot food chain in China with the principle statement of “providing the best customer service.” With the slogan of “Customer satisfaction is the most significant factor that keep us in business”. Its service was changed from traditional standardized single-loop services to personalized double-loop services, which provide them the opportunity to understand and determine the preference factors which affect customers’ eating choices and tastes.

In terms of management, it aims to provide a fair working environment for employees, and apply a humane and family-oriented management style in order to nature “the feeling of being valued” in employees. The core concept of HaiDiLao leadership is to provide the best opportunity for employees to learn via their work. As claimed by many employees, “it feels like working in a family without the ‘mystery’ of the big city.” One of the distinctive features of HaiDiLao is its training program for new employees. Every new employee is trained or coached by an experienced company member (worked in the company for the 5 years) from the same home town with a similar working position. It is also worth noting that the managers at all levels of the company are promoted from the shop floor, step by step, with experience from various working positions.

The leadership concept is concentrated on the “intrinsic” feelings of employees, such as missing home, future development and feelings of confusion and anxiety of the new environment. During the last 19 years, HaiDiLao Catering Co., Ltd has developed over 75 restaurants in 16 major cities, like Beijing, Shanghai and Nanjing etc. with around 15000 employees. Almost all the employees are from the countryside, many of them are from peasant families.

As a famous catering enterprise, HaiDiLao pays great attention to the safety and quality of its food and the ingredients used in its preparation, it has gained its certificate of HACCP (Hazard Analysis and Critical Control Point), QS (Quality Safety) in China, and ISO 9001 (International Organization for Standardization).

Due to its extraordinary customer service and good value quality food, HaiDiLao has been named in the “Ten most popular hotpot restaurants”, and the “hundred best catering enterprises in China” from 2008 to 2010. In 2011, it was named as a “Famous Chinese trademark”. In big cities like Beijing and Shanghai, almost everyone knows about the history, quality and service of HaiDiLao.

4.1. (5) TongYun Electric Factory

TongYun Electric Factory is a leading local manufacturer in Shanxi province in Northern China. As a typical SME, the factory area of TongYun is around 10,000 square meters with around 90 employees. It mainly produces and sells several kinds of fittings for large-scale electric transformer units and its main business model is B to B (Business to Business). In 2012, the total sales volume was approximately 12.8 million yuan (1.28 million pound), and the profits reached 2.4 million yuan (0.24 million pound).

Tongyun is a traditional family owned business. The recent changes in the local business environment and the intense market competition from larger suppliers decreased both market share and the total revenue of Tongyun. As claimed by the new manager (the son of the original owner) of the factory, “there is a need for transformation of the current business model and the leadership style”.

In the last few years, during the “transformation” of leadership from father to son, it shifted the market emphasis from a solely manufacturing enterprise to a combined manufacturing and service supplier, through providing integrated after sale services to its business customers. Whilst the transformation brought about some recovery to the competitive advantage, a problem in the leadership transformation also appeared. Many problems have arisen due to the change in ideology between the father and son and has also affected the associated working groups.

It is a clash between old traditions and new innovations. The debates of the leadership group have significantly affected their performance as emerging market competitors force ahead. In terms of the markets, as a local company, some of its original competitive advantages have been kept and emphasized, such as quickly dealing with any after sale problems and breakdown, and helping relevant departments and agencies to solve some specialized problems. However, in terms of the management, as a traditional family owned SME, TongYun is facing its greatest challenge regarding leadership transformation.

4.1. (6) The Spring Group

The Spring Group is a local commercial real estate enterprise in the city of Taiyuan, it was founded in 2000. The initial registered total investment was over 0.15billion RMB

(USD\$23million). Spring was positioned as a real estate provider in the form of retail units in a purpose built furnishings shopping mall. Since its initial establishment in 2000, it has provided two commercial real estate developments with over 200,000 square meters to Easyhome a nationwide chain dealing in home furnishings. Spring Group was fundamentally a real estate and service provider to individual furnishing brands to sell their products in a shopping mall. The main source of income was the rental and service charges from individual shops in the form of annual contracts.

At the beginning of its commercial journey, the vision of the Spring group was to be the best furnishings provider in the city of Taiyuan. Consequently, the Spring group concentrated on closely cooperating with the individual suppliers to provide the best quality products and services to local customers thus building and enhancing their market reputation. With the mission of becoming the leading service provider in 5 years, Spring operated with a minimum annual return of 5 million RMB which is just about to covered its costs. However, due to the inexperience of both the marketing and management team and immature marketing development, Spring Group made a significant loss in the first 5 years.

At the beginning of the 2006, the board of the Spring group decided to sign a 15 year's rental contract with the national leading furnishing company Easyhome group. The cooperation between the two groups not only provided Spring with a constant rental profit but also encouraged them to become a purely commercial real estate provider to the Easyhome group. The cooperation simplified each other's business contexts by exploiting the best aspects of each group. More than 80% of the ex-employees from Spring group were hired by Easyhome and many of them were promoted to management positions.

In the last six years, the cooperation between the two businesses has gone smoothly, there was a new furnishing department store of 10,000 square meters provided by the Spring

group in 2010. With the supportive collaboration from the Spring group, the Easyhome group became the largest furnishing corporation in the city. During the last six years, Spring group had a general management change in 2007, which significantly transformed the groups commercial performance. The formulation of new store projects is under the supervision of a new CEO.

The six selected case companies composed a typical picture of Chinese business. They include different types and fields of business, such as state-owned, privately-owned and family-based enterprises from mining, financial industry, catering industry etc. According to the case studies, they showed different features and they are all at different stages of transformational process. CMC is a traditional state-owned mining enterprise; there are many pillar industries in China similar to CMC. They get great support from the government, they own abundant resources, and they are always a leading enterprise in the industry nationally or even globally. Although these kind of business have superior advantages, in the rapidly changing environment they also face many problems and need transformations including leadership. In CMC, it has transformed from a pure import and export company to a metals and minerals group, and provides high-quality services globally. However, more transformation about leadership is still required inside of the organization. COAMC is a wholly state-owned financial institution. As a relatively young enterprise, it is quite different from the traditional state-owned businesses. For instance, it pays great attention on the educational level of its employees, and the proportion of high-educated employees is around 95%. In order to improve its core competitiveness and operational capability, COAMC is in its transformation process, and leadership transformation will be an important component during this process. Beijing Easyhome is a state-owned shareholding service enterprise. It has expanded rapidly since it was founded. During the process of business expansion, it will face many new problems, surely including the transformation of leadership. HaiDiLao is a large nationwide privately owned food chain corporation. The developing story of HaiDiLao has almost

become a legend in current Chinese business. The unique way of HaiDiLao's business philosophy caused many discussions and much attention. They are chasing transformation continuously. TongYun is a leading local manufacturer; it is a typical SME and traditional family-based company. During the transformation of leadership from father to son, many conflicts between the old generation and the young generation appeared, and it caused many difficulties during the transformation. The Spring Group is a commercial real estate enterprise. Since it signed a 15 year's rental contract with the national leading company Beijing Easyhome group in 2006, a general management change was performed in 2007. As the intensive competitive environment increases, the Spring Group is prepared for a new round of transformation.

These six companies have a variety backgrounds from different business fields. The size and form of them are also different. These factors increased the generality and reliability of this research. In addition, the first four companies are successful and leading enterprises in their own field and their most important common feature is that all of the four case study companies have experienced leadership transformation to adapt with the changing environment and the intense market competition.

Through discussion and thorough investigation of these four companies, the aim will be to discover that what kind of leadership system they applied originally; why this old leadership system could not adapt to the current environment; how the leadership system has been transformed; have they praised and applied Western leadership theory; how they combined the original leadership style with the Western leadership theory; what problems and barriers they met; and how they overcame them, etc.

Comparatively, the two relatively unsuccessful firms also provided important data, such as why their leadership transformation was not successful; what was the leadership system they applying; how they tried to transform their leadership style; did they engage any

Western leadership theory, etc.

4.2. Semi-structured Interview

4.2. (1) The individual understanding and interpretation of leadership from the company leaders

Through the two key questions of “What are the definitions of the leadership? And the three most important factors of leadership?” the interviewees expressed their understanding and interpretation of leadership as a general topic of their working experience in a leadership position.

The first section of the semi-structured interview was about the individual’s understanding and interpretation of leadership from the company leaders. An overview of these interviews is shown in Table 6.

Table 6 The individual understanding and interpretation of leadership from the company leaders

Leader Topic	Mao Xiaomao (CMC)	Shi Shuang (COAMC)	Wang Linpeng (Beijing Easyhome)	Zhang Yong (HaiDiLao)	Wu Gang (TongYun)	Li Yuan & Jiang Zhengwang (The Spring Group)
Business natural of the firm	State-owned	State-owned	State-controlled with majority of share	Private-owned	Family-owned	Private-owned
Age group	Born in the 1949	Born in 1969	Born in 1964	Born in 1970	Born in 1979	Born in 1963 & 1969
Education background	Labour law in the Party School of the Central Committee of C.P.C	Master degree in Finance and Chartered Economist in China RenMin University	Degree of Cooperative Finance in the Commercial University of Beijing	Graduated from a technical school as an Electric Welding Worker	Master degree in Business Management in the Hull University in the UK	Quitted school at 14 and joined the army at 16; Graduated from secondary school
Leadership experience	20 years	10 years	18 years	19 years	8 years	31 years (self-employed entrepreneur) & 14 years
Definition of leadership	Leadership is about accumulating people's trust through the contribution of a leaders' power to fulfil their needs.	Leadership is the art of motivation.	With the challenge of uncertainty in the future, leader is like the captain of a giant ship who has to know the direction.	The job of leadership in business is to fulfil both employees and customers' requirement.	Leadership means the influence and persuasion power to lead people towards the targets of the business.	Leadership is to instigate or influence others to deliver the leaders' business will.

The three most important qualities of leadership	Influence Fulfilment followers needs Understanding of the triangular relationship of a mutually beneficial system	Motivation Instant communication Empowerment by integrated teamwork	Initializing of vision Understanding of an interdependent system Constant stay in business	All men are created equal Change life with one's own hands Empowerment	Authority (positional power) Clearly defined regulation Bureaucratic hierarchy system	Sincere Trust Hierarchy system
Leadership idol	Mao Zedong	Deng Xiaoping	Warren Buffett	"All men are created equal"	Deng Xiaoping	Mao Zedong

Leader from CMC

Mr. Mao Xiaomao, the vice chairman of the China Minmetals Corporation (CMC), born in 1949 into a traditional communist member family. They are quoted as the first generation of the People's Republic of China (PRC) or the contemporaries of New China (PRC). As a pioneer of the red family, Mao was trained as a professional politician at a young age. He has experienced various leadership positions at different levels and Chinese regions from small village to large province. His last political position was the chief secretary of the Tibet province as a national level governor. With his direct support, five local Tibetan companies became public listed companies on the ShangHai stock market.

Considering his wide range of experience and knowledge with large commercial corporations, he was appointed as the vice chairman of the China Minmetals Corporation (CMC) in late 2003 before his retirement. Although China joined the WTO more than 10 years ago, appointing experienced communist party politicians into the leadership positions of large state-owned corporation is still typical governmental practice in modern China, many of the corporations are in the top 500 in the world.

The connection with Mr. Mao Xiaomao was made through a leadership professor in the RenMin University, with a mutual enthusiasm for leadership development. One of his retirement projects is to complete a book about his lifelong communist leadership journey. Mr. Mao Xiaomao has demonstrated a strong interest in this projects, therefore conducted the case study of China Minmetals Corporation (CMC).

In the case study of the China Minmetals Corporation (CMC), Mr. Mao Xiaomao expressed his various understandings and interpretations of leadership. He defined leadership as a “journey of influence”. He summarized the top priority of leadership as

“seeking the best benefit for the followers”. He explained that through many years of multi-ethnic leadership experience in Tibet, he learnt many valuable leadership lessons. Especially in an ethnic region, the practice of leadership can be very offensive to the local people and result in serious and dangerous consequences. Therefore, any engagement of leadership approaches needed to be considered with extreme care. Through lengthy and rigorous consideration of leadership attitudes and practices, the true meaning of leadership can be gradually understood. He found that what people (followers) really look for are the leaders who really understand their needs regardless of the criteria (e.g. nationality, gender and age etc.). He recalled the words of a senior Tibetan monk, “leadership is about accumulating people’s trust through the contribution of a leaders’ power to fulfill their needs.” This statement became his core philosophy in leadership practice later in his career.

His later leadership experience of China Minmetals Corporation (CMC) reinforced this belief. He emphasized: “the mission of my job as a leader is to fulfill and balance the needs of the employees, the company (the party) as well as the customer. It is a triangular, mutually, beneficial, interrelated network.” As a party member, Mao quoted

“the meaning of organization is to encourage leaders or followers to gain the understanding of the importance of a holistic view (*Da Ju Guan*, similar to system thinking), vital elements in any leadership approach.”

Mao considered the three most important leadership qualities were influence, fulfillment of followers’ needs and understanding of the triangular relationship of a mutually beneficial system. As a senior party member with the background of a “Red family”, Mao Xiaomao admires Mao Zedong as the greatest leader in China, despite the mistakes of the Cultural Revolution. As he claimed:

“Human being is naturally make mistakes, leaders are also human. Although the Cultural Revolution was a huge mistake, it also shows Chairman Mao’s bravery in transforming Chinese ideology.”

He added

“Without the Cultural Revolution as a fundamental social basis, Deng Xiaoping and the Chinese people could never have achieved the great success of Economic Reform. The shocking courage of Mao’s leadership is that he could risk his fame and reputation to transform Chinese ideology, it is a great contribution that people should remember.”

Therefore, the true meaning of leadership from Mao’s interpretation is leaders should expend any contribution to fulfill the needs of the followers.

Leader from China Minmetals Corporation

In the study case of China Orient Asset Management Corporation (COAMC), the leader that was interviewed was Mr. Shi Shuang, the vice Chairmen of the company and the director of the marketing department. He is responsible for the joint venture equity of more than 200 state-owned corporations and the responsibility of the marketing department is the operational investment of 10 billion RMB (1 billion GBP) with the targeted profit generation of 1 billion RMB. Mr. Shi Shuang was born in the 1969 being the first educated generation after the Cultural Revolution, with a Master’s degree in Finance and Chartered Economist (national qualification) title from RenMin University.

He entered the Bank of China (the head of COAMC) in Shandong province in the early 90s. With more than 20 years of experience in assets and financial management, he was promoted as the general manager of COAMC in 2003. As the youngest company leader in 2003, Mr. Shi Shuang has achieved outstanding results tripling the total revenue from 320 million RMB in 2003 to over 1 billion RMB in less than 5 years. Under his support and leadership, the marketing department have “transformed” from “a bureaucratic hierarchy” system to a “teamwork” project based system. In his spare time, he worked closely with the management school in RenMin University, where he demonstrated a

strong interest in and the need for “leadership research” at his entry to the leadership position in the COAMC in 2003. The connection with Mr. Shi Shuang was made through the first focus group.

During our discussions, he expressed an enthusiastic willingness to contribute to this research in order to pursue further improvements of his own current leadership practices. Consequently, the author was offered a two months working opportunity in the marketing department of COAMC, which provided a much clearer and realistic understanding of current leadership practices in a state-owned financial cooperation.

In terms of leadership, with his education background in the 1990s, Mr. Shi Shuang is extensively influenced by his “Western management” education. His definition of leadership is the “art of motivation”. Shi stressed the need for coaching leadership style. He said people need to be motivated to unleash their potential. As he explained intrinsic motivation is extremely powerful, the potential of people the most valuable invisible assets for any modern cooperation. His example of “the understanding of employees” is both interesting and insightful, “to a certain extent, wage is irrelevant to the effort of employees.” He explained an employee with a given amount of wage could provide vastly different amount of efforts in their daily work, and the difference is caused by motivation from leadership. The job of leadership is to motivate them to deliver their best.

He emphasized the two major leadership qualities that were closely related to motivation, “instant communication” and “empowerment” by integrated teamwork. He illustrated this by likening communication to the “blood flow” of any organization. Through two way communication, leaders and followers can bring accuracy and effectiveness of the decision making process. The leader’s responsibility is to encourage followers’ willingness to communicate. He explained his “open door” policy on promoting communication, “my door is constantly open to employees, whoever has a problem can

instantly come to my office. In most of the cases, we solve the problem there and then.”

The 15 employees in the department were divided into three teams of five. The communication between the teams are made weekly through a general meeting on every Monday morning. He clarified that the division into small working teams could vastly increase the working efficiency by placing much more emphasis on individual work. Each individual is empowered by the team leader to make their own decisions on a given task, the “team tasks” planning is doing on a weekly basis. Team members have to maintain a strong synergy to understand and collaborate with each other in order to accomplish the tasks.

As he summarized “with the leadership qualities of appropriate motivation, communication and integrated teamwork, the outcomes have transformed dramatically since 2003”. He also mentioned the importance of leadership education, he claimed that most leadership knowledge came from the comparison between the academic literature and real life experience. He claimed that chairman Xi Jinping’s slogan that “(Leadership) is like a shoe only the foot knows whether it is a right fit”, “Leadership approaches have to fit the associated scenarios”.

More than 10 years of leadership experience have provided many valuable lesson have learnt. The most memorable one according to Shi is that

“Any leadership or managerial approaches need to be fully understood before their engagement. Fully understood means both the essential concepts of the approach and the current situation.”

The most respected leader in his opinion in his life was Deng Xiaoping. He is a true leader who really understood what was needed by Chinese people. Under his leadership, it was the first time since the late 19th century that the Chinese people had earned the world respect. In addition, he claimed that

“In my 30 year career, I found that people need organization to understand themselves as part of society. It is a working system where everyone knows your position and contribution to the organization.”

It is very hard for people who have no working experience to understand the importance of working in an organization. However, as a coin has two sides, “a bureaucratic organization” significantly decreases the working efficiency of employees. “It is the leaders’ responsibility to find the root causes and do something about it.”

Leader from Beijing Easyhome

In the third case study, Mr. Wang Linpeng, the CEO of Beijing Easyhome Investment Holding Group Co. Ltd (Easyhome group) was interviewed. Wang was born in 1964 into a peasant family in Hubei province in southern midland China. As a first generation student after the Cultural Revolution, Wang graduated from the Commercial University of Beijing with a degree in cooperative finance in 1993. His first job was as a financial specialist in the Ministry of Commerce of People’s Republic of China.

In 1995, he was promoted to vice CFO in China Commerce group (State-owned Company directed by the Ministry of Commerce). Later in the year, he was made the CFO of Hua Lian commercial group (State-owned Company directed by the Ministry of Commerce). By the summer of 1999, he joined the Easyhome group as the vice CEO and cofounder of the company under the direction of Hua Lian group. By summer 2002, Easyhome completed the transformation from a state-owned limited company to a state controlled public listed company with the majority share. Mr. Wang was appointed as the CEO of the company, and since then he has initiated humorous transformation.

His famous slogan of “compensation for the customer first (*xian xing pei fu*)” became Easyhome’s core strategy in an intensely competition market. His customer orientated trading concept of “the customer is the first priority” was widely praised in the furnishing industry. As the CEO of the country’s largest furnishing cooperation, Wang was voted as the top 10 most influential leaders in the furnishing industry in 2009.

The initial meeting with Mr. Wang was made through the focus group meeting, he had a strong belief in the need for improvements in current leadership practice, and considered it be the important issue in his recent working experience. He explained his background was in finance area, therefore, his leadership decisions are naturally financially driven. However, through his experience of leadership since 2003, he latter realized that in practice human orientated approaches are much more effective than numbers and statistics.

Due to the huge demand of a rapidly expanding market (50 branches in 3 years), there is in consequence a corresponding need for a generation of young leaders in various positions in Easyhome. The current leadership practice is struggling to generate enough capable organizational leaders. Consequently, he found that there is a need for further leadership transformation in the overall organization.

In terms of leadership, his definition of leadership is “with the challenge of an uncertain future, the leader is like the captain of a giant ship who has to know the direction.” He added “leadership is about knowing where we are going (the initializing of vision)”. He emphasized, “Business is like a game, the responsibility of the leader is to understand how we can win the game, not just internally but also externally at the national and even global level.” It is an integrated game, everyone deserves their share of the winnings, and a great leader is there to understand how to divide the share into the right portions (the understanding of an interdependent system). Another leadership concept he emphasized is “the concept of the 100 years old shop (*bai nian lao dian*).” The leader of the business

announced “we now have to have the ambition to run the business with the reputation of being a business that will run for 100 year, which means everyone in the business has to careful with what they do, to keep the business in business for 100 years (constant stay in business).

Consequently, his beliefs regarding the quality of leadership are the initializing of vision, the understanding of an interdependent system and constantly stay in business. Moreover, the three years’ experience of working in the Ministry of Commerce provided a holistic picture of the interdependent relationship between the government and businesses. This is also the reason for his career shift from a central government ministry to an individual cooperation. As he confirmed, “doing business actualized my enthusiasm for business. It is a ‘real’ game.” The 2003 assets reformation was regarded as Wang’s turning point in his leadership career as a CEO. As he recalled after the year 2000, many state-owned enterprises became privatized or independently bought by the management. The head office (Hua Lian Group) did not want to privatize Easyhome, therefore, they (Huan Lian Group) bought Easyhome with majority shareholding share. Wang was one of the key initiators of the project and was promoted to be the CEO. He summarized that

“We could have made a lot of money by selling Easyhome, however, emotionally, we cannot, since we love it. It is like the baby of everyone in Easyhome, we have the ambition and passion to see it grown up.”

As CEO what he learned about leadership is to “love your organization as your own child.” He also claimed that “as the ex-deputy CEO for almost five years, he harbored many ideas and dreams about its transformation, but more importantly he had the unique opportunity to observe Easyhome without doing anything.” The five years of patient observation provided him with a matured and holistic viewpoint of the organization as a “working machine” (operating system). The leader that Wang most admires is Mr. Warren Buffett. Wang explained that:

“There are two most significant aspects of Buffett’s leadership in investment, one is ‘fully understand before you invest’, the other one is ‘investment with a long term vision’. It provided a set of crucial principles when we choose our investment as well as our career, since career is the biggest investment in anyone’s life.”

In actuality, by understanding these principles in terms of leadership, it is also true.

Leader from HaiDiLao

The fourth case study is HaiDiLao Catering Co. Ltd (HaiDiLao Catering). The selection of HaiDiLao was a decision made after the memorable experience of the dinner at their northeast Beijing branch. Through the recommendation from Mr. Wang Linpeng of Easyhome, a direct telephone contact was made with the CEO and founder of HaiDiLao Mr. ZhangYong, and a face to face interview was duly arranged. Zhang is a very modest yet passionate person who is enthusiastic about anything that could improve HaiDiLao. During the interview he shared the story of his true adventure of the journey of a striving business.

Zhang was born in the 1970 to a worker family in Sichuan province. He graduated from a technical school as an Electric Welding Worker in 1988 at his hometown Jianyang. With a strong appetite for entrepreneurship, Zhang started his “spicy hotpot” (*ma la tang*) street business in his evenings after work as his second job. During his first few years in business, and as a beginner, there were many lessons that he had to learn, the most important one being sincere and honest.

In the summer of 1994, he quit his day job and started his first restaurant named HaiDiLao with the small initial investment of 8000RMB (800GBP). At the beginning, business was surprisingly bad, there were only a few customers a day. It was the suggestion made by a customer that the reason why business was slow, was because the flavour of the hotpot was not tasty enough. His enthusiasm for the business and his sincere personality, many improvements were made by Zhang by listening to the suggestions of customers and local experts, and the business improved dramatically. During this time of development, apart from the fruitful improvement, many customers and local experts were especially touched by his passion and enthusiasm for his business and his modest and sincere personality. Thus Zhang earned a substantial reputation in the local community, as more and more people came to his restaurant. Gradually, HaiDiLao became the largest “hotpot” restaurant in town with two branches.

By 1998, as a step up, Zhang opened a branch in the city of Xi'an, a provincial capital in northwest China. In the first few months, he made a loss of 330,000RMB out of the total investment of 800,000RMB. However, later in the year, with the efforts of the manager named Yang Xiaoli (a girl who was 21 years old), there was a significant transformation in the business. Yang and a group of employees gave out 50000 leaflets and promotional vouchers in a week each one given out with a direct yet modest attitude and sincere persuasion to each person who received one. Those people were mostly touched by the enthusiasm and sincerity of this young girl. Yang was a “peasant girl” who was employed as a waitress by Zhang in Sichuan. Yang worked from a very young age due to her family's financial difficulties in the farm. Zhang heard of her problems and immediately paid off Yang's family debt which significantly motivated Yang's work in the restaurants. He emphasized “the organization should be operated as a big family regardless of the size.” He stressed it is not about money, it is about understanding and caring for the difficulties that our employees face, “like the love between family members.” The importance of the

employee's welfare intrinsically motivated their willingness to contribute to HaiDiLao, Yang Xiaoli is a good example. After more than 10 years working experience in various positions, Yang promoted her as the general manager of the Beijing branch (the largest branch in HaiDiLao) in 2004.

He emphasized that HaiDiLao is different to other companies in “promoting employees”, we never consider the financial figures as our first priority. Our emphasis is on wastage, corruption, passion for the work and customer satisfaction. He added “we are all human being with warmth, we should never judge people by cold figures.”

With the ambition of being “the best hotpot in China”, HaiDiLao was covered all the major cities in Northern China in less than 10 years. There are two key reasons behind this outcome, internal employee satisfaction and external customer satisfaction. The internal employee satisfaction is the prerequisite for the external customer satisfaction. As Zhang claimed “the job of leadership in business is to fulfil both employee and customer requirements, especially the employees, they are the most important enabler of customer satisfaction”.

Zhang's interpretation of leadership qualities are rather different to many other business leaders. His first leadership principle is simple: “all men are created equal” from the American declaration of independence. He believes everyone should be treated equally and fairly, employees need to be respected, understood and cared for by the leader. His second leadership belief is “Change life with your own hands”. Since more than 90% of the employees come from “peasant families”, they have a strong desire and willingness to

transform their current standard of life. HaiDiLao aims to be the platform for this transformation. Consequently, the employees are intrinsically motivated with the mission of transforming their life together with everyone in HaiDiLao.

As demonstrated by Zhang, “with a group of intrinsically motivated employees, the dream of customer satisfaction became reality in matter of time.” The customer satisfaction comes from empowerment, since only the frontline knows what customers really want instantly. As a result, Zhang considered empowerment as the third leadership quality, and that strong empowerment to the frontline delivered customer satisfaction instantly. Anyone in the frontline has the power to give a discount up to 10%, free gifts and free dinner daily, the only requirement of this is “if they feel it is appropriates”. The outcome of this empowerment is outstanding. The empowerment is the channel that links customer satisfaction and employee satisfaction. As he passionately claimed, empowerment comes from “mutual trust, mutual honesty and mutual kind-heartedness.” It is a two way “mutual benefit” relationship between leaders and employees, the benefit comes from intrinsic motivation. In other words, “if you take care of employees, they will take care of customers as much as they take care of themselves.” Zhang summarized his leadership experience: “HaiDiLao has no management system, no fancy strategies and no Western management philosophies, what we have is the most basic understanding of the needs of our employees’ willingness of change their life, and HaiDiLao is here to make it happen.” He added: “the harmonized society (the current slogan of the communist party) is about every organization operated as a family. It may be a dream in many people’s eyes, but at least here in HaiDiLao we made it real.”

Leader from Tong Yun

Tong Yun electrical factory is a family owned local business in Taiyuan city. The connection to the CEO and owner of the factory is through a previous Master's research project. It also provided some valuable insight into the company's background. Mr. Wu Gang was born in the 1979 as the second generation owner of the factory. He earned his master's degree in business management from Hull University in the UK, which means he has a knowledge base of Western management theories. He was promoted to the position of CEO as his father's successor in 2005 after his graduation. His father remained as a senior guide of the factory and his mother is the chief accountant.

Although Wu is the current CEO of the factory, many decisions have to be determined by his parents. His father is a traditional conservative factory leaders who only concentrates on the traditional business approach with the existing business connections. As Wu recalled in the first decade when the factory was first established, the factory retained more than 80% of the market share in the town. However, with the change of the trading policy of the local regulations, the market share was shrunk to less than 30% with the recent entry of larger factories from southern China. There is a continuous increase in the posed by threat major competitors.

When leadership was first discussed, he pointed out that many family owned business is very bureaucratic. "Deciding everything by one man's say (*yi yan tang*)" is the common leadership practice. Although he had studied many different Western management theories and practices at University in the UK, during his six years working experience, he found that many Western theories are "too idealistic" for the local Chinese management practice. The local business methods are very conservative and autocratic.

He defined leadership as "the influence and power to persuade and lead people towards

the targets of the business.” He added “employees should deliver their best to the factory, the job of the leader is to supervise this”. He clarified this by saying, “bureaucratic leadership style can be a very useful tool with local employees.” Many senior workers are less motivated to contribute their efforts, and many are demanding a wage increase, an autocratic and directive leadership style could control such situation. In other word, the autocratic leadership style will warn people to behave themselves. Moreover, his description of the key qualities of leadership are authority (positional power), clearly defined regulation and a bureaucratic hierarchy. He added that

“Leadership is about power, once the position is gained people should follow you automatically. Well-defined regulations and a hierarchical management system will strengthen leadership power. People should understand their position and behave themselves.”

In terms of the current difficult situation, he realized that innovation was the first priority, but the promotion of innovation was problematic in practice. Many senior workers were competing with each other and not willing to collaborate and contribute their knowledge to others. Although he obviously saw the real need to transform the factory through innovation, the linkage between innovation and leadership needed to be recognized. Moreover, Wu expressed his leadership difficulties with family based bureaucratic politics. Most of the senior workers had worked with his father for more than 20 years, whenever suggestions were made to them, they reported to his father directly. Wu claimed “although I am in the leadership position, I am still a kid in their eyes.”

His solution, to cure the problem, was to replace more than a third of the workers with younger employees (born in the 80s and 90s), he emphasized “it is not only to enable he to gain leadership power, but also to promote innovations as young people have more bright ideas.” However, the situation is not as he expected. There are more and more conflicts between the junior and senior groups, which also leads to a conflicts between

him and his father. There are now stronger barriers to his leadership and promotion of innovation due to less collaboration between the departments.

Consequently, Wu is confused and frustrated about his leadership practices. Many business partners, especially some old customers, are gradually losing their confidence in the management team. There is now a strong willingness to investigate the root causes and possible solutions to improvement, in order to restore the market share of Tong Yun electrical factory.

Wu admires Deng Xiaoping as his leadership idol, he enthusiastically claimed

“Without his extraordinary leadership, many people like my father would still earn 30 RMB (3GBP) a month in the factory. The greatest thing about Deng’s leadership is he changed the living standards of a quarter of the world’s population.”

He finalized his respect to Deng Xiaoping by:

“The most significant and respectable point of Deng’s leadership is to change the ideology and infrastructure of a bureaucratic organization, from my experience it is extremely difficult, but he made it in two years. My education told me that bureaucratic system has many drawbacks, but in practice it is extremely difficult to change, I gradually felt the Western management philosophies are just fantasy not real life.”

Leader from the Spring Group

The last case study is the Spring group. Mr. Li Yuan is the current chairman of Spring group. He was born in 1963 and grew up in a worker family with a single mother. Under the effect of the Cultural Revolution, he quitted school when he was 14 years old, and joined the army at the age of 16. As the first generation of self-employed people, he

became a motorcycle and bicycle trader in 1982 with his own street shop. He later expanded his business to a noodle restaurant, vehicle Parts Company, hotel business and eventually real estate business. In the last 20 years, he expanded his business from a small motorcycle shop to one of the largest commercial real estate developers in the city of Taiyuan.

Mr. Li is a typical first generation “self-employed entrepreneur (*ge ti hu*)” who the actively responded to the demand of Deng Xiaoping’s Economy Reform policy in the early 1980s. He is representative of this generation of entrepreneurs with almost no educational background but with extremely rich business and social experiences, with many of them joining the army in their late teens. They are regarded as the inevitable outcome or unique witness of Mao’s Cultural Revolution and Deng’s Economy Reform. They are the largest population group who actually hold current leadership position in various sectors in modern China.

In terms of leadership, Li has his own unique beliefs, he interpreted leadership as “instigating and influencing others to deliver the leaders’ business will”, and he added “like Mao incited the Cultural Revolution”. He expressed further,

“Leadership in the business context only exists in large corporations, we only have management here, and the company is too small for leadership. But we have leadership vision when planning for projects.”

There are only 20 people in the company, they are all directed by Li and the general manager Mr. Jiang Zhengwang. Jiang is Li’s brother in law, they grew up in the same street. Jiang took over the leadership position as the general manager five years ago as a replacement for the retired manager. He was the deputy general manager for nine years since the beginning of the company. Jiang deals with the everyday internal management of the company, Li himself is responsible for the external Guanxi network of the company.

The Guanxi networking is considered much more important than the internal management. When there is a business project, they make decision collectively. The author knows both Li and Jiang from the master's research five years ago. There is mutual trust in the relationship they have built over the last few years. After a short conversation with Li and Jiang together, they believed that the most important leadership qualities are sincerity, trust and the hierarchy system. As quoted by Li, "with more than 30 years of business experience, the most important leadership factor is to be sincere with people." A sincere attitude towards people gains their trust. "Guanxi" is regarded as the most important business enabler in China, it is always initiated with sincerity and built upon with mutual trust, the longer the better. Jiang added "it is an interrelationship network based on mutual trust, people need to trust you before expending their effort with you."

As a family owned business, Li regards the hierarchy management system as rather important in managing people. With a total number of 20 employees, Li thinks the layers and ranks between people are an indication of "who they are and what they should do." The hierarchy structure emphasizes the leading position of the managers as well as indicating respects.

In terms of future development, both Li and Jiang find that they are not utilizing their employees sufficiently. Many of them are extremely busy whereas others are less so and less motivated. They did replace some employees with younger ones hoping to change the company's working synergy. However, the result was not satisfactory. As Jiang summarized,

"With almost no managerial education, it is very hard for us to determine what is wrong with the internal management. It is very risky for us to do any change without a clear approach."

As their commercial real estate business is expanding, they are looking to transform the

current structure by enlarging the number of employees. With a great deal of enthusiasm for business transformation and associated leadership performance, both Li and Jiang contributed to this research as a case study company.

Both Li and Jiang admired Mao's leadership. As Li quoted: "he is the Red Sun, the God and the greatest ideological leader in the last 100 years, maybe even 1000 years." Jiang recalled the only English sentence he could remember "Chairman Mao long long life." Once Mao was mentioned, there was suddenly an enormous feeling of respect from both of them. Li thought that the significance of Mao's leadership was to influence and integrate the peasants (80% of Chinese population) in the revolution. He added "His vision on many things are extremely profound, only a God like him can predict the future." Moreover, they both think "organization is problematic, everyone is selfish in pursuit of their own benefit." Li added "a bureaucratic management system can eliminate employees' selfishness through creating fear. However, it can only be controlled it can never be dismissed." In other words, they believe everyone is working for themselves individually. Jiang as an experienced senior manager claimed: "leadership is a Western fantasy in Western management texts, it rarely exists in real world organizations especially as small as us." Jiang had read some translated Western managerial textbooks, he found that "the translated language in Chinese is very difficult to understand, it gave a lot of unrealistic examples vastly different to our situation. Therefore, I gave up on them."

4.2.(2) The current leadership practice at organizational level: Western, Chinese or both

The second section of the semi-structured interview was about the current leadership practices at organizational level, which also involved the discussion of the Western leadership theories. An overview of this interview section is displayed in Table 7.

Table 7 The current leadership practice at organisational level

Firms Topics	CMC	COAMC	Beijing Easyhome	HaiDiLao	TongYun	The Spring Group
The current situation of Chinese leadership system	Bureaucratic system	Bureaucratic hierarchy management system	Bureaucratic leadership	Bureaucratic leadership	Mostly bureaucratic; Some are participative and democratic	Directive bureaucratic hierarchy leadership style
The most appropriate leadership style in current China	Difficult to define Good example: trusting empowerment	Hard to define Good example: understanding the starting point	Hard to define Good example: human-orientated or human friendly	Hard to define Good example: most motivating	Bureaucratic Good example: more engaging, participative and democratic	Directive bureaucratic hierarchy leadership style Good example: friendly participative
Leadership style in your firm	Trying to transform from bureaucratic leadership to more advanced leadership style	Semi-bureaucratic The main infrastructure is bureaucratic; the market department is engaging empowerment leadership style	Teamwork based democratic leadership style	“all men are created equal” Engaging empowerment through trust	Bureaucratic and directive; Trying to transform to more democratic participative leadership style	Directive bureaucratic hierarchy leadership style & Friendly participative leadership style
Interpretation of Traditional	Confucianism & Maoism are very	Some of them are lost or forgotten,	They provide many valuable	The traditional value could	Many traditional Chinese values are	Very meaningful in both business and

Chinese value	influential. Sun Tzu is also very popular.	but others are still deeply embedded in Chinese people, e.g. Confucianism	insights on these inherent qualities.	encourage people to become a good person.	very powerful, e.g., Guanxi	personal cultivations. e.g., Rituals, respect and Guanxi
Opinion of Western leadership theories	Mostly stay at a theoretical level as a verification tool	More practical and dialectical; well discussed and clearly defined; more scientific	Human friendly & understandable; concentrated on practical usage; less complicated and confusing philosophies	Very scientific, but the outcomes always associated with figures	Most of them are very useful; Western theories are very good seed, but need rich soil.	Many different leadership thoughts are well argued, but very difficult to apply in reality.
About transformational leadership	Heard about it; transformation is needed in China	The hottest and widely discussed topic now; very profound and distinctive	Applying transformational leadership, e.g., empowerment, continuous improvement	Never heard about; but strongly agree with its idea of the needs for transformation	Roughly learnt the concept; it is very advanced, but maybe difficult and time consuming to apply in China.	It is a great idea, but there are many barriers to apply it, and it could be a life changing process.
Opinion of Chinese and Western leadership philosophies	Many similarities and differences Chinese one is more suitable for the current state whereas Western could provide some	Many philosophies have very similar meanings, the importance is the usage not the name Western leadership is more practical	Engaging Chinese philosophy in personal development. Engaging Western leadership in the organization	Sharing a common basis of “caring with humanism for management is the basic factor”	Chinese leadership emphasized the centralization of power, whereas Western leadership	Chinese current leadership practice need for improving and transforming. Many of the simplest Western leadership concepts are

	insights and guidance	and dialectical			concentrated on decentralizing of power.	extremely powerful in practice, and need to be engaged in small business.
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Leader from the China Minmetals Corporation

In the study case of the China Minmetals Corporation, Mr. Mao Xiaomao thoroughly expressed his understanding of current Chinese leadership. As he explained: “in China as a single party rule country, the majority of the large enterprises and cooperation (e.g. SINOPEC, Bank of China and China Unicom etc.) are government owned. The leaders of these enterprises and cooperation are mostly promoted from a political position, therefore many of them are accustomed to a bureaucratic system. Many of the corporations are even merged from several governmental organizations, thus the bureaucratic style of leadership became a tradition since the beginning of Economy Reform or even earlier.

In terms of the society, due to the dominating influence from the government and the state-owned enterprises, many organizations such as the subordinate company or closely related business partners of the enterprises are also accustomed to the bureaucratic practices. Gradually, the bureaucratic system became a common practice in the modern Chinese business world.

It is very hard to define which leadership style is the most appropriate in the current practice, since everyone has their own unique scenarios. In the last 30 years, the Chinese economy has developed extremely rapidly, everyone found it is very hard to catch up. Consequently, “it is not a wise suggestion to define which leadership style is most suitable to the current Chinese situation since it could be different overnight”.

Although the bureaucratic leadership style is the most common practice in China, there are increasing controversies and arguments about its drawbacks. Many people claim the traditional bureaucratic leadership promotes the autocratic behavior or even corruption in the leaders. In other words, the power is too centralized. The motivations are

extremely low when people are treated autocratically. He recalled the statement of the current Chairman Xi Jinping: “the leaders need to hear the voice from the frontline, since only the foot knows whether the shoe is comfortable or not”. The major problem with a centralized bureaucratic system is the blockage of communication channels, it is even more difficult for China as a massive country. However on the other hand, in the recent 15 years, there are many privately owned enterprises (e.g. Alibaba, Vanke, Lenovo and Minsheng Bank etc.) and foreign investment joint ventures (e.g. HSBC China, Huachen (BMW) automobile, First (VW) automobile) which have grown dramatically, and some of them have become a large market competitor of many traditional state-owned cooperation. Most importantly, many of them (e.g. Lenovo, Alibaba and Tension etc.) became the world’s largest leading enterprise. 30 years ago, in the beginning of the Economy Reform, most of these leading enterprises had just started or did not even exist. As Mao claimed:

“From my experience in China Minmetals Corporation, there is plenty of cooperation with Vanke, their leadership styles are vastly different to the state-owned enterprises. The most direct impression is their management system is very simple, everything is a lot easier. In terms of leadership, they are definitely not bureaucratic.”

As he recalled, the most significant outcome of their leadership is empowerment, all the decisions are made by the team leader: a middle level manager who is responsible for the project. Each individual team member have their unique share of the work as well as decision making, everyone understood each other’s contribution to the projects, and they worked as a network. Even with a big project (1 billion RMB, 100 million GBP), there are only at most eight members’ of the team, each member has their own specialized capabilities (e.g. designer, accountant and outsourcing etc.). Mao summarized:

“As far as I am aware, the powerful outcome came from the ‘trusting empowerment’ leadership philosophy of Mr. WangShi, the founder of Vanke. In the modern Chinese business world, especially the highly developed major cities (e.g. Beijing, Shanghai and Shenzhen etc.), people are much more concentrated on pursuing self-esteem, especially

the well-educated young people. They deserve intrinsic motivation, it is the opportunity for their demand for self-actualization.”

In China Minmetals Corporation, in the last five years, through cooperation with large privately owned enterprises and foreign joint ventures, numerous team based projects have been initialized. The outcome is very impressive, most importantly, the company gained fresh blood (human resource) equipped with the latest thinking. Many of the project managers are promoted to the general managers’ position in our subordinate companies, with expanding experience and knowledge, many of them could be promoted to the headquarters. Consequently, there will be some transformation in the current bureaucratic system. He concluded:

“It is extremely difficult to transform a state-owned large cooperation that has more than 60 years of history. We need big efforts, time, patience and most importantly a leadership group which thinks differently. This is what we are doing now”.

Mao believed: “in terms of the traditional leadership values, Confucianism and Maoism are still the most influential.” He added “many Confucianist philosophic values have influenced China for more than 2500 years, many of the thoughts are embed in the veins of people, such as the ritual family orientated philosophy, the harmonized philosophy and the hierarchy system etc.

Maoism as the fundamental basis of the Communist Party still has a substantial influence in modern China, especially the generation from the 50s to 60s. As he claimed:

“My generation was bought up in the Mao period, we are strongly influenced by Mao’s leadership with a direct contact of his leadership practice. Despite the mistakes he made in the 60s (The Cultural Revolution), Mao is the leader who deeply understood what Chinese people need and want. Without him we could never had made any of the modern development. As a leader he built the Chinese social infrastructures, much of the original thought is still valid in the modern days”.

He added: “as a great leader, Chairman Mao was multi-talented, he not only had an

extraordinary power of persuasion, but also had the unbelievable longstanding vision.” Many politicians are still admire Chairman Mao’s books and journals as profound insights for their leadership development. In short, many of the traditional leadership values are still highly valid in the modern era, for instance, “harmonized society”, as a Confucianism philosophy, was engaged as the political slogan for Chairman Hu Jintao. The Art of War by Sun Tzu is still a widely engaged strategic text book for many Western and Chinese business managers and leaders. However, the most critical problem with traditional leadership philosophy is lack of collective understanding. He explained: “the current situation is like having many books without a bookshelf, it is very hard for leaders to define, determine and classify the philosophy collectively”. There are many text books with various interpretations of the Chinese philosophies, but none of them provide a collective knowledge infrastructure of the philosophy. He added:

“It is similar to the old Chinese idiom of: ‘blind men describing their feeling of the elephant (*mang ren mo xiang*)’, it is too unilateral. With one person's word against another's, the readers are either one sided mislead or confused with the knowledge. In most of the cases, business leaders very rarely gain the full picture of the leadership philosophy they need.”

Furthermore, Mao claimed: “in terms of Western leadership theories, it is mostly at a theoretical guidance level, many of them are engaged as a verification tool for our leadership practice.” There are many interesting and practical Western leadership concepts that have gradually drawn the attention of many modern Chinese leaders, such as communication, motivation and empowerment etc. However, as he explained:

“Just engaging one or two is not sufficient, and could be risky and costly. In China Minmetals Corporation, we provide free laptops to all the middle level managers as a way of promoting communication, (as the Harvard MBA’s case study mentioned). It is costly with little effect.”

It can be summarized that many of the case studies of Western leadership philosophy is not suitable for the Chinese situation, some are very hard to gather in reality. He said:

“It is all very well to talk about the benefit of communication, but it is extremely hard to open people’s mouth in reality. We are in a totally different culture from the Western world, their “goodies” are in many cases are fantasy to us.”

In terms of transformational leadership, he explained: “I have heard about it, my interpretation is a new invention from the Western academics, but I strongly agree that transformation is needed.”

Finally, in terms of the difference between Chinese and Western philosophies, he believed:

“There are many similarities and difference between the two. I think the Chinese one is more suitable for the current Chinese situation whereas the Western could provide us many useful insights and guidance on the current leadership practices. They are still very much underutilized, both Chinese and Western leadership philosophies, and approaches need to be investigated and discovered.”

Leader from COAMC

In the study case of China Orient Asset Management Corporation (COAMC), interviewee vice chairman Mr. Shi Shuang expressed his own understanding of Western and Chinese leadership. In terms of the current state of the leadership in Chinese organizations, he said:

“There is a vast difference between traditional state-owned enterprise and privately owned enterprises. Most of the differences come from the initial incentives, with the state-owned enterprises, the owner is government whereas with the privately owned enterprises the owner is oneself. Therefore, the latter as a leader is much more motivated to improve the company. In the state-owned case, many of the business leaders are semi-retired, their motivation is very low and stability (stay at its current status) is their first priority.”

The foreign joint ventures are different to both of them. He explained:

“the comparison between them is not fair-minded, many foreign joint ventures such as First (VW) automobile (the first major joint venture in China) operated in an extensively matured management system from the very beginning, the management team was trained by the professionals from the headquarters, therefore, their understanding of management and leadership was much more systematic and scientific.”

Consequently, he added:

“The foreign joint venture still was the best leadership system compare with most of the local Chinese enterprises, they have valued leadership as an important subject in management science for more than 50 years.”

There are still many improvements that need to be made to the Chinese leadership theories and practices. He said: “It is a managerial culture that needs to be changed (transformed).” He claimed:

“Despite its powerfulness, leadership is still a newish concept in the modern Chinese business world. Business leaders need to wake up and face the importance of leadership. In fact, there are many drawbacks associated the bureaucratic hierarchy management system that has been accumulated over the last 50 years. The Communist single party system emphasis on centralizing power saw the bureaucratic system as an effective approach for such a demand.”

Moreover, the privately owned companies are still in their early stage of development with a rapid expansion. He explained:

“Most of the enterprises are still owned by the original entrepreneurs, they are passionate and enthusiastic about their business, and many lessons have been learnt throughout the last 30 years of hardship and rapid changes. They possess a wide range of experiences, but lack of education is still the barrier for their leadership development”.

He added: “many of them found that it is difficult to read a book properly.” However, in the recent ten years, many of the educated entrepreneurs from the 60s and 70s are extremely talented, such as Ma Yun (the founder of Alibaba), their interpretation or vision of the business is vastly different from the older generation. He summarized: “Therefore, as the society developed rapidly, leadership as a rather important topic is gradually

gaining the focus of the public, especially in the business world.”

He claimed: “It is very hard to define a most appropriate leadership approach or practice in the current Chinese situation, simply because each individual has a vastly different starting point.” The first priority for many leaders should be to understand their own starting point. He added: “it is the fundamental problem here.” Many managers are rushed into the position with intensive pressures from the intense market competition, he emphasized “it is very hard for them to even think about where their starting point is.” He stressed:

“There is an urgent need for leadership development, in fact, that is always needed. Leadership development could provide a much greater vision for the Chinese leaders to understand themselves and the society they live in.”

He illuminated that in China Orient Asset Management Corporation (COAMC), the main leadership style is semi-bureaucratic with the main infrastructure of the company still being a traditional bureaucratic hierarchy system. As an experiment, as well as the requirement of the business customers the market department (the most important profit generating department) is engaging empowerment leadership style. Under the leadership of Shi, the market department is divided into three working groups, each of them is empowered to complete individual tasks. All the decisions have to be made collectively within the team as well as communication with the leader. He explained:

“The key word here is motivation by empowerment through teamwork. Through this engaging leadership style, team members are intrinsically motivated, especially the young team leaders gained the capability of holistic thinking. This type of experiment not only increased our working efficiency but also provides reserve leaders for the company in the future.”

In terms of traditional leadership, Shi claimed:

“Because of the historical reasons, many of the highly valuable traditional Chinese philosophies were lost or forgotten in our knowledge database. Leadership as a newly developed topic, is even harder to grasp in the vast amount of Chinese literature.”

However, many social philosophies of Confucius are still deeply embedded with in Chinese people’s everyday behavior, such as modest, filial piety and respect. These factors also influence the leadership practice in China. However, as he added:

“As a coin has two sides, the bureaucratic system largely resulted from many traditional Confucian beliefs that are fundamentally feudalism, such as centralizing power, autocratic leadership and rule by the voice of one man etc.”

Although there are more than 5000 years of civilization, China as a newly established developing country, has many social aspects that need to be developed, leadership is one of them. He summarized: “it is not a matter of learning from the ancients or the Western, it is about learning from the right one, the one that is more suitable to our situation. And now is the time to learn.”

Furthermore, in terms of Western leadership theories, Shi expressed:

“With my education background and more than 20 years of research through experience, I personally think Western leadership and management theories and approaches are much more practical and dialectical than Chinese traditional philosophies. It is well discussed and clearly defined to puncture the associated problems. Some people describe it as more ‘scientific’.”

However, in many cases, it requires a well-structured knowledge base to understand the Western theories properly. He added: “read the originals they make a lot of sense in understanding.” In terms of application, many thoughts need to be altered to suit the associated situation. He reflected:

“The management experiment in our company is a practical example. As there was a high pressure and demand from the business customers and market competition, we had to change the bureaucratic system into a more competitive management system. The first

thing was to change the style of leadership, in 2003, when I came to the leadership position of the marketing department, I had a vision to change the synergy or dynamic of the working attitude in the department. I started with the Western concept of teamwork, a few months later I found the synergy is improved but the dynamic or the power of the teamwork did not increase.”

Through researching, observing and analyzing, it became clear that the teams (70% young people under 30) needed empowerment. As the empowerment delivered,

“Motivation, and communication and the dynamic teamwork consequently followed, the empowerment is the charger. The outcome was fascinating (three times the total revenue in five years).”

However, as he mentioned: “empowerment requires great attention from the leadership, constant observation, facilitating and communication are the essential responsibility of the leader. He described:

“This is like the human nervous system, the leader is the cerebral, and each movement and process can be soon as the synchronized team effort, with each individual member being the peripheral axon. We are working together as a system through communication, and all the parts are mutually exclusive”

Finally, in terms of transformational leadership, Shi said:

“Transformational leadership has been very hot in both the Western and Chinese academic world in the last five years, it is arguably the most holistic leadership philosophy yet. I think it is very profound and distinctive concept compared with many other ones. It provided a full conceptual picture of continuously improvement process of leadership practice. The idea of continuous change and the need for transformation is rather fundamental. However, the prospect of a vast transformation of the organization, could be risky and idealistic in modern China. Leadership education could be a useful first step.”

In terms of the similarities between Chinese and Western leadership philosophy, he

recalled the famous idiom from Deng Xiaoping, “regardless of the color of the cat, the one that catches the rat is the best”. Leaders need to understand their purpose to lead, thus make the appropriate choice of the leadership theories. He summarized: “as far as I concerned, many philosophies have very similar meanings, the importance is the usage of it, not the name.” He added through 20 years’ experience, the practical and dialectical aspects of Western leadership and management theories are much preferred.

Leader from Beijing Easyhome Investment Holding Group Co. Ltd (Easyhome group)

In terms of current Chinese business leadership practice, Mr. Wang Linpeng expressed:

“The bureaucratic leadership style is still the dominant leadership style. It is not only widely engaged by the state-owned cooperation, but also majority of private or family owned enterprises.”

His explanation is rather distinctive, “there is a reason for the widely engaged bureaucratic leadership style.” Firstly, China is a huge country with a quarter of the global population, it is extremely hard to govern. There are many layers of individual groups within the sophisticated social infrastructure, it is largely due to the long history of civilization. In 5000 years of history, almost every emperor or ruler chose bureaucratic leadership as the most effective tool for centralizing power. Centralizing power was determined as the most significant factor for any government including Chairmen Mao. Secondly, In terms of modern business practice, at the beginning of Deng Xiaoping’s “Economy Reform”, most of the businesses in China were intensive labour manufacturing. There were hundreds of employees in one factory doing a well standardized job, thus innovation was rarely needed. The bureaucratic leadership style is not only a traditional but also easy approach to engage by factory owners. Therefore, most of the leaders are bureaucratic. However, as he claimed:

“The recent unbelievably rapid development of the Chinese economy transformed modern Chinese society into a hugely diversified country, especially with the existence of the internet, China has dramatically change in the last 15 years. Many large cities like Beijing and Shanghai have become focal points of the global market.”

Young people from the 80s onwards were well educated with Westernized knowledge, especially with the effects of the “Single Child” policy, the social perceptions of the younger generation were dramatically different to the older generations. He summarized: “because of these drastic changes, although bureaucratic leadership is still the existing leadership style, many signs have shown it needs to be replaced.”

He added:

“It is very hard to define which leadership style is more suitable to the current Chinese situation, since the current Chinese situation involves extremely diverse topics. There are 34 provincial regions in China, the most suitable leadership style in Beijing may not be a suitable one for Hong Kong. There are massive differences in the cultural, economic and social aspects.”

As the Chinese Economy is generally shifting from “quantity orientated” toward “quality orientated” production, he summarized: “I think human orientated or human friendly leadership styles would be preferable in most of the regions.”

Wang introduced:

“In Easyhome, we have shifted from the traditional bureaucratic leadership style to a teamwork based democratic leadership style. This is because in the last ten years, we have developed 70 branches nationwide. The democratic leadership style is promotes the rapid speed of expansion.”

The team based democratic leadership style is largely determined by empowerment and decentralizing of power to each individual team. As described by Wang:

“With the ambition of development, the leadership group have to free our team and free

the talented young generations to challenge their limits. Most of our regional stores (100,000 square meters in size) managers are under 30 years old, the empowerment significantly promoted their ‘willingness of self-actualization’.”

Only two people in each regional store will be selected by headquarters, one is the store manager, the other one is the store chef accountant. All the rest of the team members have to be selected by the team leaders in the local regions. Wang explained: “it is not only an effective way to save cost, but also an opportunity to fully empower and test the young managers.” Not surprisingly, with the outcome of 70 well established branches, Easyhome achieved more than 50% of the market share of the Chinese furnishing market and is the largest stakeholder in northern Chinese furnishing market.

In terms of traditional Chinese values, Wang said:

“The traditional Chinese philosophies should be learned and appreciated by the business leaders. Because these traditional philosophies have made an indelible impact on every aspect of Chinese life. Learning these important and relevant ancient philosophies could not only enable leaders to gain a deeper understanding of their employees but also modern Chinese society.”

He gave an example, the great leader Chairman Mao had many ancient Chinese history and philosophy books beside of his bed. These books had an enormous influence on Mao’s leadership practice. As Mao claimed: “the leader of a nation has to understand their inherent quality through history.” The ancient philosophies provide us with many valuable insights into these inherent qualities.

In terms of Western leadership theories, He said:

“I earned my degree in Finance, I have to admit the Western theories in general are much more human friendly and understandable than Chinese ones. Western theories are much more concentrated on practical usage, the phrases have a direct meaning, and most importantly they have less complicated and confusing philosophies. For example,

teamwork, there is only one meaning in English, most of the textbooks have a similar definition of it. But in ancient Chinese literature, there are many different explanations of about teamwork and associated historical examples, readers have to understand and differentiate it from the conceptual level before any usage of it. Consequently, the leaders have to understand what they are looking for? Solution or conceptual inspiration.”

He emphasized:

“In comparison to ancient Chinese leadership qualities, we have made many applications of Western leadership philosophies in Easyhome. I prefer to use Chinese philosophy for my personal development.”

The most engaged Western leadership concepts in Wang’s leadership practice are teamwork, empowerment and continuous improvement. As claimed by Wang:

“Continuous development is my favorite Western leadership concept. As we all know, the rapid development of the modern Chinese economy is exciting yet frightening, many dramatic transformations are made overnight. As leaders of an organization, we have to be prepared for the changes. Continuous development is the only way to deal with this drastic challenge. In Easyhome, we have already embarked upon the adventure of establishing 70 branches nationwide in 10 years, by 2015 we are hoping to establish 120 branches with a total annual turnover of 50 billion RMB. Although there are many challenges, this is our ambition towards continuous development of quality large furnishing stores.”

Leader from HaiDiLao Catering Co. Ltd (HaiDiLao)

Mr. Zhang Yong is the founder and owner of HaiDiLao Catering limited. With the rapid development of 71 branches nationwide in 19 years, Zhang become the most controversial business leader in the current Chinese catering market. During the in-depth interview, Zhang had revealed many “secret recipes” in his leadership journey with HaiDiLao. Regarding the aspect of current leadership practices in Chinese organizations,

Zhang claimed:

“The majority of restaurants in China are under bureaucratic leadership, due to the labor intensive working and highly mobile workforce. There is rarely a long-term contract between the employer and the employees. Many of the restaurant employees in a big city (like Beijing) are from peasant families. They are extremely pressurized by the high living costs in the city and the competition of career opportunities. With low income and less technical work, many employees in the restaurants are treated with little respect. In many cases, they have to shift from job to job to earn a tiny fraction more income to support their dream to stay in the city.”

He added:

“I have little management education and did not have the opportunity to go to university. I was a trained tractor mechanic. I have no idea about the different leadership styles or concepts. My only way to gain knowledge is through intensive experience, it is very painful yet extremely memorable.”

He expressed his understanding of the most appropriate leadership practice in the current catering industry. He said:

“I can only determine the leadership practices in catering since my experience only comes from this sector. It is very hard to define what is most appropriate, but bureaucratic especially autocratic is the most inappropriate one from my experience. As we all know, catering companies are mostly in the service sector, occasionally there is some involvement with food manufacturing, but in general customers are here for the ‘catering experience’. It is not just about the taste of the food, it is the experience of all the service involved. Therefore, service quality determines the performance and reputation of a restaurant. Then the key question is, who is the service provider? The boss, the manager or the frontline. Obviously, it is the frontline who serve the customer directly, most of the customer impressions of the restaurant come from the frontline. Therefore, the service quality of the frontline is the most critical factor. However, service is very hard to quantify or standardize, it is comprised of numerous human emotions. Therefore, to promote the

best combination of emotions will most likely deliver the best quality of service, bureaucratic leadership in this case is not the best approach. To simplify this, leadership should make the employees happy to deliver their best service to the customer. Therefore, the most appropriate leadership practice is the most motivating in order to unleash employees' willingness and happiness."

In case of HaiDiLao, Zhang explained:

"My leadership belief is as mentioned previously, 'all men are created equal', that is to say respect is the first priority. Every employee is respected in HaiDiLao by each other, with absolutely no exception for leaders. Respect and care for our employees are the prerequisite for any managers in HaiDiLao. My second important leadership quality is to care about the employees like a family member. If you want the employees to deliver their best, they have to be treated with your best. For example, we spent more than 500,000 RMB (50000 GBP) per annual in accommodation for each individual branch (50 employees), to guarantee the employees are living five to ten minutes away from their works. We provide free dinners (three times daily) for the employees in their associated restaurant, employees have no worries about working late. At New Year, headquarters will send extra bonuses to all the employee's parents, thus fulfilling their filial piety."

There are many other fascinating examples about HaiDiLao's heartwarming leadership approaches.

In terms of traditional Chinese values, Zhang claimed:

"I did not read a lot of ancient books, all I know is traditional values enable people to become a good person. In HaiDiLao, being a good person is the only requirement for our employee selection. However, there are many criteria for being a good person, such as modest, filial piety and respect for each other etc. Although the Chinese economy is booming, to a certain extent the moral values are shrinking."

Through practice of the most basic ancient Chinese qualities it can wake up the good

aspects of employees as well as leaders. Most of these basic aspects are most essential and powerful for the society.

In terms of Western leadership theories, Zhang explained:

“As HaiDiLao was expanding, our leadership group starting to engage some Western management approaches, such as teamwork, quality control and ISO 9001 etc. I think most of the Western approaches are very scientific, it is suitable for the management of large sized enterprises. However, the outcomes are always associated with figures, which can be misleading in some cases. The most important concept for leaders is do not just rely on tools regardless their name, rely on your observation, your analysis and most importantly advice from the frontline. In 99% of the cases, the frontline knows the problem better than the manger.”

When “transformational leadership” was mentioned, Zhang claimed:

“Although I never heard about ‘transformational leadership’, I strongly agree leaders are responsible for forecasting the changes of the market and continuous development the enterprise to face even stronger challenges.”

He summarized:

“I have no idea about the similarities and differences between the Chinese and Western leadership styles, but I think they should at least share a common foundation of ‘care for people is the base of management (*yi ren wei ben*)’, to simplify, leaders need to respect employees with great attention.”

Leader from the Tong Yun electric factory

Mr. Wu Gang is the second generation owner of a privately owned factory. Researching the question of the current state of Chinese leadership practice, he said modestly:

“It is very hard for me to describe current Chinese leadership practice as a whole, I can

only provide my interpretation on the sector and region that I have come across. Generally, there are two kinds of organizations that we are strongly associated with, the State Grid (government electric supplier) and building developers (mostly private firms). The State Grid not only provides us the government standards for the associated project but also acts as a quality and safety control agency to approve our project. The building developer is our end customer, we supply the electrical control units and associated service according to their requirements. It is very costly and complicated for building developers to deal with the State Grid, therefore, the full service we provide is in demand. Through almost ten years of dealing with both kinds of organization (government owned and private owned), the leaders and managers at almost every level are bureaucratic, occasionally autocratic in the government. This is one of the main reasons why many building developers found the State Grid people very hard to deal with.

In terms of the private enterprises in my city, the leadership style can vary from one to another. If it is a family owned business like us, bureaucratic style is still the most common practice. If it is a young entrepreneur (people born in the 80s) business leader, their leadership style tends to be much more participative and democratic. Many small local firms are joint ventures between a few young entrepreneurs, they enjoy working as a team with other staff, many senior staff are much older than them with specialized experience, therefore ‘autocratic’ is obviously unsuitable. In general, young business leaders are much more pragmatic than the older generation, they understand that business is not politics.”

In terms of the most appropriate leadership style, Wu claimed that “bureaucratic” is still the most commonly engaged one, it is very hard to avoid this fact. He added: “especially in the government sector, it is an unavoidable part of any business in China, business leaders need to understand how to deal with “bureaucratic practice”. However, in terms of running a business:

“Bureaucratic is an outmoded notion and old-fashioned method. To a certain extent, it

benefits the leader with centralized power, but in most of the cases (in his experience) it kills the utility of power. The leadership power should be utilized as water to benefit everyone, therefore, the overall company will be benefited.”

He summarized:

“A more engaging, participative and democratic leadership style would encourage the overall enterprise to work together. In many of the small entrepreneurial businesses in my city, the young leaders are experimental and practical. Their companies are normally teamwork based small entrepreneurial businesses, with limited labor and capital, the leader of the business has to be extremely participative and democratic with all the team members. But the result is outstanding, their business growth is mostly rapid and substantial. With the expansion, the young leaders still kept their participative leadership style. As a consequence of their leadership style, the organization is full of synergy and energy.”

In Tong Yun electric factory, he claimed:

“As a family owned business, we are still quite bureaucratic and directive. My father the original owner of the factory was a traditional entrepreneur who started the business in the early 90s. At that period, people were less educated and innovative than the younger generation, many of the senior workers were previously from a government owned factory. Therefore, both my father and the employees were embedded within the directive bureaucratic leadership style. With many years of practice, it became part of their everyday behavior, to change it is nearly impossible.”

On the other hand, as Wu joined the leadership position, there are several small changes that have been made in the factories leadership style, as a consequence, there were some associated conflicts which occurred. He explained:

“To change the current state of the leadership practice, new blood and new concepts needed to be injected. Therefore, as there were some old retired employees, we replaced them with younger people with a university education background. Now more than 30% of the employee population are young technicians. They are formed into a working team that

directed by myself and the chef technician. The initial idea was to create a team with the aim of innovation, which could potentially transform the factory by gaining market competitiveness.”

However, the different working synergy and culture between the older generation and the younger employees is placing a huge barrier towards Wu’s promotions of innovation. Many of the issues are associated with the politics between Wu’s father and himself. As he recalled:

“The older generation of workers are very conservative, they think the younger generation are a threat to their careers and they are very defensive about innovation. There is an element of fear associated with any innovative activities, many complaints were made to my father. The younger generation are very critical of my father’s bureaucratic directive leadership style. Therefore, the conflicts have gradually spread, many employees afraid I will gradually replace all the older employees in order to take the leadership from my father. A great deal of trust has been lost between me and my father. Consequently, the conflict between the two groups is splitting the factory into two parties. The plans for innovation have been laid aside. All in all, there are two conflicting leadership styles between me and my father, leaving a small enclave of democratic participative leadership inside of the overall bureaucratic directive leadership.”

As Wu analyzed further:

“There are many traditional Chinese values that are very powerful in modern society. Such as ‘Guanxi’ (the connections in the interrelated society) is still a dominating factor in modern business society. There are many traditional values involved in the ‘Guanxi’ system, such as mutual trust, respect and appreciation of others feeling etc. Many of the most basic philosophical elements could potentially form a very powerful leadership approach. However, the process of translating these elements into practice could be very difficult and time consuming.”

In terms of Western leadership theories he expressed:

“As I mentioned before, most of the Western leadership and management theories can be very useful. However, in many middle class Chinese regions like Taiyuan, people are not educated enough for the deployment of such concepts. For instance, traditional company owners like my father were not well educated with many years of directive leadership practice, it is rather difficult to make them understand the rationale and powerfulness of the Western theories and approaches in a short period.”

He emphasized from his experience of applying Western leadership and management theories:

“The application is like work of the peasantry, Western theories are very good seed, but we need to have the rich soil (the leader and organizations) and suitable climate (political and economic environment). My experiences have shown, there are many barriers to this, for instance education background, the understanding of the ideas and the positive attitude towards change etc.”

In terms of transformational leadership, he described:

“In the management course, I briefly studied the concept of transformational leadership, I think the concept is very advanced. With the transformational mindset, leaders could provide a systematic continuous development of the organization collectively. However, in terms of the current Chinese situation, I think it would require a dramatic ‘brainwashing process’ for the traditional leaders. Again very difficult and time consuming.”

He summarized that:

“I think the Chinese and Western leadership styles are vastly different. The Chinese emphasized the centralization of power, leaders are very conservative about their power. In contrast, the Western leadership style tends to concentrate on decentralizing power, it is a much more open approach in promoting the utilization of power. From my personal point of view Western leadership style for the current Chinese situation, it could enable modern Chinese leaders to gain many competitive advantages through motivation, teamwork and

empowerment etc.”

Leaders of the Spring Group

Mr. Li Yuan as a first generation entrepreneur after the “Economy Reform” had many strong opinions regarding current leadership approaches. He said:

“Many people in my generation understood the word ‘leadership’ through the image of the great leader Chairman Mao. Consequently, as our idol or hero of leadership, many of Mao’s leadership styles and approaches have been copied. My personal admiration of Mao’s leadership is of the directive bureaucratic hierarchical leadership style. And through 30 years’ experience in business, I believe most of the Chinese organizational leaders are still applying these (directive bureaucratic hierarchy) types of leadership approaches. As I mentioned before, my military experience reinforced my understanding of this leadership style, it is a powerful approach that forces the organization members to understand their position and behavior appropriate to that position. In complicated society, there are various different thoughts in people’s minds, leaders need to control and unify people’s thinking through direct orders. The directive leadership style could reinforce the authority of the leaders to actualize the orders within a company.

The general manager of spring group, Mr. Jiang Zhengwang the younger brother in law of Li, expressed some viewpoint on leadership from different angle. He said:

“Although bureaucratic leadership is powerful on the surface, many employees fear to express their suggestions to the leader. Many of the suggestions can be very important for the development of the company. In the long term it is a huge loss for the overall benefit of the company. The hierarchy system is also a huge barrier for this two way communication. We as leaders find it very hard to understand the problems of the frontline in detail, it is very easy for us to misunderstand the current situation. This creates many problematic consequences for us when we set the direction for the company’s future

development. I personally feel that business is here to generate profit through optimum utilization of the available resources. The very valuable intrinsic resources of the frontline employees are neglected by bureaucratic leaders. It sometimes can be more crucial than the extrinsic labor that an employee can offer, and more importantly using a more friendly and approachable leadership style these intrinsic resources are free of charge. As I am responsible for the internal management for the company, I have a stronger sense of something that is wrong with our current approaches, it needs to be fixed.”

Through observation, it can be seen that there is an ongoing debate between Li and Jiang in terms of leadership approach and the associated development. As Li is the owner and founder of the firm, it is very hard for Jiang to make any drastic changes to the leadership in the company, especially LI’s personal leadership style. As a consequence, the Spring group is still under a directive bureaucratic hierarchical style of leadership with the addition of Jiang’s personal use of a “friendly participative” leadership style.

In terms of traditional Chinese values, Li expressed:

“From my experience, many of the traditional Chinese values are very meaningful in the cultivation of both business and personal life. Rituals are the appreciation of the hierarchy of classes, it provides the order of society. Respect is the basic principle for everyday behavior, it reinforces social harmony. Sincerity is the fundamental basis for business and “Guanxi”, enables the business last a lot longer. Mutual trust is vital for business practice, it essentially builds the network of “Guanxi”. Facing the challenge of hardship is also a very important aspect for business leaders. As a family owned business, we also value employees’ filial piety. Without filial piety towards their own parents, employees will never be loyal to the firm. Loyalty in my opinion is strongly related to filial piety.”

Jiang strongly agreed with Li’s interpretation of traditional Chinese values.

In terms of Western leadership theories, Jiang expressed:

“Both I and Li were brought up in the Cultural Revolution period, our families are both

frontline working class. Therefore, our educations were abandoned after primary school level, most of our understanding of business came from our long experience.”

Li added:

“I have little idea about Western leadership and management theories, it is for leaders with a university certificate. I only believe experience, facts and lessons from practice.”

Jiang likes to read some managerial books in his spare time, he may have some ideas about it. Jiang continued:

“Through my readings I found, there are many different schools of leadership thought, all of them seem have their own meanings, it is very hard for us to determine which one is suitable for us. For example charismatic leadership style is very well argued, however changing a person’s (especially the leader’s) behavior is extremely difficult. Similarly, the recently debated servant leadership style is very profound at an academic level but total fantasy in reality. In the 50s and 60s in China, the Chinese government leaders claimed to be servant leaders, but look at the reality of now, leaders could never be a servant.”

He finally mentioned his opinion on transformational leadership:

“I think it is a great idea, much more substantial than many of the other ones. I think it is much bigger in scope like a square to a cube. It provides multiple dimensions in organizational development through leadership transformation. I strongly agree with the understanding of the constant change of the business environment. Especially in China, it is unbelievable when we compare our children’s current life to our childhood, the difference is huge. However, in terms of application, there will be many barriers to transformational leadership style, such as the time, knowledge and specific understanding it requires. With a suitable matured condition, I think the engagement of transformational leadership is a life changing process.”

Concerning the difference between Chinese leadership style and Western leadership, Jiang explained:

“The current Chinese bureaucratic leadership practice is inherited from more than 3000 years of feudal society. In the last 100 years, China due to many historical reasons, has been significantly left behind many Western countries. During the tragic decade of the Cultural Revolution, many of our historically treasured philosophical qualities were lost and forgotten. All this resulted in modern Chinese people having to start from scratch. Through more than 30 years of Economy Reform, China has become globally competitive, and the focus of the rest of the world returned to mainland China. As the debatably the largest and fastest growing domestic market, China not only regained the glory but also faces the greatest ever challenge from many other developed countries. Therefore, there is a need for improvement, especially in leadership as the key initializer for any transformation. On the other hand, the Western business world has been developed over many years, a huge amount of business related research has been done by both business leaders and academics. As Chairman Mao emphasized ‘without thorough research there is no right of voice’, modern Chinese business leaders need to research and learn more from the West. Through my personal experience, I have found that many of the simplest Western leadership concepts are extremely powerful, such as teamwork, empowerment and coaching. There are many more Western leadership practices which need to be engaged in small business is like us to unleash our limited employee’ unlimited potential.”

Jiang summarized:

“Despite the differences and similarity between the two, there are huge amounts of knowledge we still need to discover and learn, especially small business leaders. One thing for sure, there is a need for leadership transformation, and it should take place as soon as possible.”

4.2.(3) Exploring the new model of leadership transformation

The third section of the semi-structured interview was to collect the opinions about the

new model of leadership transformation, and the overview of this interview is shown in Table 8.

Table 8 Exploring the new model of leadership transformation

Leader Topic	Mao Xiaomao (CMC)	Shi Shuang (COAMC)	Wang Linpeng (Beijing Easyhome)	Zhang Yong (HaiDiLao)	Wu Gang (TongYun)	Li Yuan & Jiang Zhengwang (The Spring Group)
Requirements of leaders	The leaders need to be thoroughly prepared both physically and mentally.	Need leaders' commitment to change, and start change from themselves.	Leaders need to understand the obligation for transformation.	Leaders should understand the responsibility of their power.	Alignment with the top leader or the leadership group, and then leaders on all levels	Alignment of leadership group
Requirements of the model	The model should be simplified and easy to understand. Deliver the essential point of both Western and Chinese leadership philosophies.	Find out the key employees to deploy the leadership transformation organizationally, in order to eliminate employees' fear of change.	Easy to understand and convenient to apply. With an easy start and demonstrate a track for transformation.	Help the leaders to understand their responsibility of power.	To motivate the employees to contribute or support the leadership change.	Actualize the concept of leadership transformation. Transformation steps have to be steady.
Possible barriers	Not practical Complicatedly structured	The leaders' and followers' willingness of change.	To open or unlock the communication channel.	Misunderstanding leaders responsibility of power,	Rush into the transformation	Communication Leadership stability

Leader from China Minmetals Corporation (CMC)

Exploring aspects of a new leadership transformational model, Mr. Mao Xiaomao the vice chairman of CMC, proved many relevant insights on the topic. He said:

“No doubt, facing the challenge of globalization, there is a need for leadership transformation. A combination between ancient Chinese philosophy and Western leadership theories are definitely the current tendency in the modern Chinese business world. Chinese people have the unique background a long history of social civilization. Western management scientists have developed a very profound managerial research system, leadership is always regarded as the dominant aspect. Many interesting leadership theories have been generated in last 100 years. This combination is certainly an approach that contains the key elements of both sides, it will be a valuable addition to Chinese leadership development.”

However, as a coin has two sides, Mao added:

“There are many barriers to creating such combinations. As far as I am aware, there have been many attempts at this kind of combination, and the results were not ideal. One of the main objections is that it is not practical since most have complicated structures. Many current Chinese authors tried to directly translate Western textbooks and adapt it with the addition from some ancient Chinese philosophy. The result is not only hard to understand but also lacks unified structure. Many of the Chinese authors are not even educated in leadership, the majority of the texts are a mix of translation and experience.”

Mao expressed:

“I think the key requirement is the author has to be someone who really understands the subject thoroughly, leadership is not something that anyone could learn overnight. The translators have to have an associated leadership or management education background to demonstrate that they not only understand the words meaning but also the relevance and importance of each element and the holistic concepts. As we all know, many modern Chinese business leaders have realized that there is an immediate need for them to develop their leadership skills scientifically, so there is a demand for this kind of texts book. Many authors and publishers are keen to profit from publications which are in most cases poor in quality and content, and therefore undermine the confidence of the

readers”

In terms of the leaders, there are inevitable requirements, as Mao explained:

“Leaders need to be prepared for a long period of changes. It means that the leaders need to commit their time and effort to understand the associated theories and practices as well as the detailed application process. All in all the leaders need to be thoroughly prepared both physically and mentally. However, in reality, many leaders are seeking a ‘quick fix’ and instant solution. We have to understand that leadership is a philosophical concept which has been developed for thousands years, no one could learn it overnight, it is a lifelong journey to learn, practice and relearn.”

In terms of the model, Mao claimed:

“As a coin has two sides, we have to appreciate that many of the leaders have very limited time and some of them have a limited educational background. Therefore, the ideal model should be simple, clear and easy to understand yet still deliver the essential points of both Western and Chinese leadership philosophies. In other words, leaders need to have an easy starting point to initiate the process of transformation. Through simplified yet meaningful leadership concepts, the model needs to deliver a leadership infrastructure that leaders could build on. They need to be able to converting the model according to their own requirements.”

Leader from China Orient Asset Management Corporation (COAMC)

Mr. Shi Shuang have expressed his ideas concerning the combination of Western and Chinese leadership theories. He emphasized:

“My understanding is that both Chinese and Western leadership share many similar philosophical concepts and human orientated approaches. As far as I am concerned, Western leadership philosophies are shifting from ‘result quantity orientated directive leadership style’ to ‘human quality orientated coaching leadership style’. In China we have an ancient idiom that recently is getting really popular: ‘understanding the principles of being a good person before becoming a leader. (*xian zuo ren hou zuo shi*)’ both place emphasis on the human quality. In 21st century globalization, we have to face the truth in any production regardless of the sector, human intelligence

is the most powerful resource. Therefore, in terms of the combination between the Western and Chinese leadership theories, my focus would concentrate on the essential concepts that are meaningful in the modern Chinese business world irrespective of its name. Ancient Chinese leadership philosophies are more understandable for Chinese leaders due to the cultural background, whereas Western leadership theories are very logical and dialectical which is practical in modern business applications, thus with any given concept, its meaning could be expressed in different ways. The purpose of combination is to clarify the meaning of the essential leadership concepts from two different viewpoints. By doing this, leaders would gain a much more comprehensively defined ‘mind map’ to the available leadership concepts, consequently helping and assisting their current leadership practice accordingly.”

In terms of the requirements of the leader, Shi stated:

“The most basic requirement of leadership transformation come from the leader’s commitment to change. Leaders need to realize that the importance of facing constant change has become a common fact for the modern Chinese business world. Therefore, staying in business requires leadership to react accordingly. Facing the current competitive environment, leaders should start the change with themselves. However, in reality, making leaders realize that many initial problems are caused by their bureaucratic leadership behavior is very difficult. Leaders not only need to face their personal problematic behavior but also need to willingly take steps to correct the problems. In other words, leaders need to abandon the role mask enabling them to personally relate to their employees. From my personal experience, once the leader ‘bows the stiff back’, the employees’ willingness to contribute is massively motivated, this is the social power that leaders have rarely used. Therefore, the most crucial factor for the leader is mental and psychological preparation for change, it is a hard commitment to make.”

In terms of the requirement of the organization, Shi claimed:

“Many employees especially senior employees are mostly afraid to any organizational change. It is very hard to separate leadership transformation from organizational transformation. In other words, leaders need loyal soldiers to deploy their ideas. One of the first requirements for leadership transformation is to find the key employees to deploy it organizationally.

These key employees could be leaders at their level, for instance, the principal frontline worker, a mid-level manager or an influential senior frontline worker who has spent most of his life in the company. Like Chairman Mao's famous revolutionary statement 'a little spark may kindle a great fire (xing xing zhi huo ke yi liao yuan)', the key employees are the little sparks. In COAMC, the employees in the marketing department are our sparks of transformation." Shi summarized his ten years of leadership transformation in COAMC: "we have to face the fact that leadership and organizational transformation is a never ending process, it is a journey of learning and relearning through different practice. This is what both leaders (I and my boss) and followers (all the employees) in the marketing department have learnt from our experimental transformation, and looking back as those ten years of experiment we found that it is challenging yet fruitful."

Leader from Beijing Easyhome Investment Holding Group Co., Ltd

Mr. Wang Linpeng explained his opinion on the combination of Western and Chinese leadership concepts from an alternative angle to the other leaders. Wang said:

"I think that it is a great idea to combine the two philosophies into one practical model. As we all know, modern Chinese business leaders are hungry for knowledge food to fulfill their organizational requirements and to cure various problems with their usual leadership practice. There are more and more leadership related books both Chinese and Western. I have briefly read some of them, I found there is rarely a simple or easy way to express leadership principles, and many of them are rather complicated and messy. I mean the information is expressed using lines with are dotted rather than sequential or systematic. Much of the leadership knowledge is based on case studies, the stories are more interesting than meaningful, in other words, very exciting to read but very hard to grasp or apply. Therefore, I feel enthusiastic about the creation of a practical model that would be not only easy to understand but also clear about how to apply. Personally I felt that leadership improvement or any organizational improvement is a graduated process. The critical point is that leaders need to be started on the track of improvement. Therefore, there are two fundamental purposes of the

model, to make an easy start and to demonstrate a track for transformation. The tracks are the principles of transformation which different leaders could select according to the needs of the organization.”

In terms of the leadership, Wang said:

“The leaders are the most important and essential part of the transformation. The requirement for leaders also come from the two fundamental purposes of the model. Essentially, leaders have an obligation to transform, they have to be made aware that there is a need for change as a matter of fact. No changes will mean being left behind by the competition and potentially out of business. The transformation has to be interpreted as a physical need rather than an optional choice. It is the crisis of awareness that is needed to drive leaders to transforming their current leadership behavior.”

In terms of organization, Wang emphasized:

“Like Easyhome, many modern Chinese enterprises are huge and many branches are established in different provinces or even in different countries. This increases the barrier to leadership transformation deployment since leadership transformation means leaders at all levels of an enterprise. Therefore, through my experience I realized the importance of communication channels that need to be opened or unblocked. With respect to the issues of communication, many people will argue that in the modern world there are countless ways to get in touch, thus communication should not be a problem in modern businesses. However, it is an employee’s intrinsic barrier that can block or close a communication channel. For instance, Easyhome have established more than 50 branches in the last three years, not all of them were successful in the beginning. There were some branch managers who were afraid to communicate with me when there was a problem, which in many cases caused significant loss for the business. Also without a sufficient communication channel, many upgraded business policies were not deployed properly. On the other hand, branch managers or even the frontline people could contact me directly to express their ideas on some emergent problem. Therefore, before any leadership transformation, a smooth network of communication channels needs to be constructed. Leaders at all levels of the enterprise have to be intrinsically motivated to communicate as an important activity for their everyday leadership practice.”

Leader from HaiDiLao catering group co. Ltd

Mr. Zhang Yong was a business leader who had read very little about leadership and management textbooks, however, he expressed his distinctive understanding of the Chinese and Western Leadership combination model. He said modestly:

“To be honest, I have no idea about leadership theories. My interpretation of leadership is that employees put most of their life into your company, you (leaders) have the responsibility to care for their life. By being responsible for your employees, a leader gains the power of leadership, when a leader says something employees listen and follow, because the employees know that the leader will take care of them. I think regardless of the name, all the leadership theories should educate leaders about the responsibility of their power. If this model could help current leaders to understand this simple but important principle then I think it is very necessary. To make someone understand these principles is not easy. Giving an example in HaiDiLao, I am not the only leader, I personally think that there are many leaders in the different branches. They are all promoted from scratch, and they have a lot of experience in various positions in the restaurant over many years. This valuable experience not only provides them with the necessary knowledge of the techniques in various positions but also more importantly provide them with a mutual understanding of how difficult their employees’ life is. These types of understanding need to be deeply embedded and thoroughly considered by the leaders in their everyday leadership practice. It is to feel indebted as if it was received in person (*gan tong shen shou*), which transformed the leadership practice in HaiDiLao. There are my suggestions regarding leadership transformation.”

Leader from TongYun electric factory

With eight years of turbulent experience in leadership transformation, Mr. Wu Gang who has a Western management education background shared some of his reflections on the idea of combining Chinese and Western leadership philosophies. He said:

“Although many problems arose from the application of Western leadership and management theories, I personally still believe that it could potentially improve our factory. I think a combination between ancient Chinese philosophy and Western

leadership theories should be the current tendency in many local Chinese organizations. As far as I am aware, many business leaders especially the younger entrepreneurs have more or less realized that there are many potential problems associated with the current bureaucratic leadership practice. Even the new Chairman Xi Jinping has claimed: ‘it is time to change the bureaucratic system.’ Therefore, leadership transformation is definitely the trend for all kinds of leaders in China.”

In term of the requirements for the model, Wu argued:

“Although many attempts have been made to combine Chinese and Western leadership concepts in both literature and practice, there is not any single unified leadership model to deliver the best of both worlds. I personally feel that it is tricky to make an appropriate combined model that contains the best concepts, since essentially there is the critical conflict between centralizing (Chinese) and decentralizing (decentralizing) power. Although there are some enterprises who are starting to shift their leadership style from bureaucratic to democratic, the majority of Chinese organization leaders especially in the state-owned enterprises still employ a bureaucratic leadership style. It can be risky to argue with the traditional way of leadership, especially in the large organizations where many of the older generation of employees are very set in their ways and fear change. For instance, in Tong Yun factory, just the leader’s commitment to change is not sufficient, all levels of employees have to come to an agreement. In other words, employees need to thoroughly understand why they should contribute to leadership change, what are the benefits for them. Some employees can be quite selfish, their main concern is their own situation. Therefore, the point is not how good the model is, but how to motivate the employees to contribute to or support the leadership change.”

In terms of the prerequisite for the leadership transformation, Wu claimed:

“Do not rush into the transformation, there is a lot of preparatory work that need to be done before being ready for the transformation. This is the most painful lesson I learned from my experience of failure. The first stage of the process should be the alignment of the leader or the leadership group. This fundamental stage requires the leaders to have a shared commitment to change by understanding the powerful potential benefits of leadership transformation. That is to say the leadership group needs to understand that transformation is advantageous and visionary for their

business in both the short and long term. Once the leadership group have an achieved agreement, the second leadership alignment is focused on the mid-level leaders at all levels. One cautious note here, the mid-level leaders could include some older employees with no managerial position at all yet very influential among the employees. These employees definitely need to be taken on board, because their unique contribution is irreplaceable. Finally and most importantly, leaders at all level need to be in frequent communication to maintain and consolidate the alignment. From my experience, these three steps are the most critical prerequisite for leadership transformation.”

Leaders from Spring group

Due to an emergency callout, Mr. Li Yuan in Spring group had to leave the last part of the interview. Mr. Jiang Zhengwang as the general manger of the Spring group was interviewed exclusively due to his enthusiasm for the leadership model. He said:

“From my experience, I have found it is certainly beneficial to engage some of the basic simple Western leadership and managerial concepts into modern Chinese enterprises like ourselves. Inevitably this is already an example of a combination of Chinese and Western since there are many traditional Chinese philosophies already embedded in our everyday behavior. That is to say the consideration of embedded Chinese traditional values are the primary requirement for the leadership model, the Western leadership concepts are the elements that should be engaged as supplementary to perfecting the Chinese leadership model. I personally think this type of model is appropriate for the current Chinese leadership situation. In other words, the creation of the model needs to appreciate Chinese tradition and the leadership practice.”

In terms of the barriers to application Jiang expressed some notes from his own experience. He said:

“As the second leader of the company, I always need to consider Li’s opinion on any decision. As a leader as well as a follower, I not only need to consider the overall benefit to the company but also need to understand the leader’s vision of the company’s future. In other words, the leadership group have to be aligned collectively through frequent communication. This kind of leadership alignment not only unifies

our leadership vision and development approaches but also consolidates the stability of the company. In my opinion, leadership stability is the fundamental basis for transformation. Everyone knows, a person has to stand still before making a move.”

Regarding the aspects of organizational prerequisites to leadership transformation, Jiang emphasized his interpretation as:

“After the ‘leadership alignment’, comes the transformation at organizational level. I personally think it is very hard to separate leadership transformation from the organizational transformation, both processes should happened simultaneously and they are mutually exclusive. In other word, we need the organizational transformation to actualize the concept of leadership transformation.”

“If the leadership group is the driver with a proposed destination, they need to drive the car (the organization) to take them there. I understand this process as an organizational alignment. However, I am personally still in the process of organizational alignment, I think it is very difficult and time consuming. The only key principle I set myself is ‘no rush’. Rushing into the transformation could be the worst disaster I can imagine, which could potentially damage the leadership alignment.”

“Because the leadership group can be very sensitive to the transformation deployment, sometimes they view it as threat to their power. Therefore, the transformation steps have to be steady, we need to select an individual initiative to start the experiment, gradually spreading the concept to the frontline team. Through necessary training, the selected team could potentially make some small but remarkable achievements which would indicate the success of the transformation. As a motivating incentive to the leadership group, further transformation could be permitted. Everything has to be verified by solid facts, which is the only currency the leadership group will trust. This is the slow but steady leadership transformation that I experienced. Personally I feel this is the safest way to apply Western Leadership concepts in my organization.”

According to the semi-structured interview, a thorough understanding of the interviewees and the current situation of leadership of their firms were investigated. Mao Xiaomao (CMC) is a leader from the old generation but with a very creative and advanced idea. He is the oldest interviewee in all the seven interviewees, and he has

leadership experiences in both political positions and business organizations. His especial experience taught him that the key of leadership is to fulfill the followers' need. Therefore, although he was from a state-owned enterprise, he opposed the traditional bureaucratic leadership and positional power, and transformed his leadership style in order to fulfill the followers' need. Shi Shuang (COAMC) is representative of the main age group of current Chinese leaders, leaders from Beijing Easyhome, HaiDiLao and the Spring Group are also in the same age group with him (40s). He has high educational background (Master degree), and he pays great attention to leadership study, therefore he applied a series of leadership transformations in his department. He realized the importance of motivation and used different ways to motivate his followers, such as communication, empowerment and teamwork. The result of his effort is very obvious, and he is trying to popularize his leadership method in the whole organization, because the main leadership style in COAMC is still bureaucratic. Wang Linpeng (Beijing Easyhome) is a leader who always has a clear plan and objective for the company. He has systematic thinking and understands the importance of shared mission and vision. He applied teamwork based democratic leadership in his company, and it worked quite effectively. Zhang Yong (HaiDiLao) as a leader without any leadership education background, has developed his business from a local restaurant to a nation-wide food chain. The core of his leadership idea is "all men are created equal". The way he treats his employees is very human-oriented, like a big family. He not only empowers his employees, but also encourages them together with HaiDiLao to change their life with their own hands. His impressment and insistence led his success. Wu Gang (TongYun) is the youngest interviewee with shortest leadership experience in the seven interviewees. He is the only interviewee who has a management education background and was awarded a Master's degree in the UK. He has many advanced leadership ideas and theories, and, therefore, he realized the challenges his company are facing, and the urgent need for leadership transformation. However, as the traditional family-based business, his father, the founder of the firm has absolute authority, and his transformation plan has involved many conflicts and problems. He even doubted the reliability of the theories he learnt. Li Yuan and Jiang Zhengwang (The Spring Group) actually have different opinions on leadership: Li believes in the traditional way of leadership, such as the bureaucratic, hierarchy system, and "GuanXi" etc.; whereas

Jiang prefers a more friendly and human-oriented leadership style, such as participation, communication and motivation, etc. In this case, leadership transformation has already made progress in this firm.

All of the interviewees agreed that the current situation of Chinese leadership system is bureaucratic. Although most of them pointed out the drawbacks of bureaucratic leadership, it is hard to define the most appropriate leadership style in current China. They all believed that traditional Chinese values are still very powerful and valuable, but they all have different concerns about applying Western leadership theories. They thought that it would be great if there is a leadership transformational model that combined the advantages of both Chinese philosophy and Western leadership theories, but it must be easy to understand and apply, and many possible barriers need to be carefully deal with.

4.3 Focus group

When the author finished the semi-structured interview with the main leaders in the six case study firms, as an important supplement the “focus group” technique was applied to collect more primary data in order to increase the generality and validity of this research. As introduced in the research methodology chapter, in each case study company, six participants from different levels and working positions of the company were invited to join the discussion. The topic agenda can be found in Appendix VII. After a short introduction of the research topic and the aim of the focus group etc., the participants began their discussion. This was mainly focused on four topics: “ideal characteristic of a leader”; “good or ideal practice of leadership”, “problems associated with current leadership” and “free discussion of leadership”.

4.3. (1) China Minmetals Corporation (CMC)

The discussion over CMC was quite relaxed. The six participants including: senior

managers and employees form different departments. Firstly, they praised the leadership style of Mao Xiaomao, although he is approaching his retirement, his engaging and friendly leadership style is maintained in the firm. They described a number of ideal characteristics of a leader, such as having the willingness to understand the followers' needs and wants, respect for followers and a desire to motivate followers etc. They pointed out that good or ideal practice of leadership should be based on fulfilling the majority of employees' needs and wants; it should be in harmony with the organization and can lead the organization to continuously improve. The problems associated with the current leadership in CMC is the complicated hierarchy system and the blockage of communication channels both horizontally and vertically. As a state-owned company, CMC is following the traditional bureaucratic leadership.

In the free discussion on leadership, the interviewed employees voiced their opinions on various aspects of leadership. As claimed by the Beijing branch vice manager: "it is a widely accepted problem, that under the bureaucratic leadership system, employees are afraid to communicate with the top leaders, and especially the frontline employees, they never have a chance to see the leader." The cleaner in the headquarters said: "under the bureaucratic system, employees are divided into different classes, the lower the class the less respect. A team leader from the human resources department said: "there is almost no collaboration across departments, financial people and the headquarters officers are very bureaucratic, the process of a document can take ages." One of the frontline employees prized Mao's leadership, she said: "leaders should be like Mr. Mao Xiaomao, he always comes to the frontline to see us and help solve any problems with us. It really motivated many of my colleagues, it is a shame that he is retiring soon." One "quiet" frontline senior technician said: "I wish we had a leader who we can talk to then many problems could be solved instantly, some of these can be very costly." The reality of the situation demonstrates, there are still many essential problems associated with bureaucratic system and employees are eager for leadership transformation.

4.3. (2) China Orient Asset Management

The discussion of COAM involved six participants with two of them coming from different teams in the marketing department. The ideal characteristics of a leader were emphasized as innovative, empowerment, trust and respect for employees, communicative and understanding how to motivate followers. In fact, according to the discussion of this topic of good or ideal practice in leadership, they all considered the achievements of Mr. Shi Shuang's leadership practice in the marketing department were very impressive, because it focused on teamwork, communication and empowerment, which provide more opportunities for the followers to "self-actualize" their own ideas. As claimed by one of the team leaders: "in the marketing department, all the members tried so hard to achieve the goals collectively, and we are very motivated by our teamwork." However, as an experiment, this leadership practice has not been carried out in other departments of the company. The whole company is still following the bureaucratic leadership style. This was believed to have many drawbacks, as some of the participants said the communication between leaders and followers is very rare, thus followers always felt that they were not understood or motivated. In the free discussion on leadership, there was a strong contrast between the marketing department members and other employees. One of the team members from marketing said: "under the bureaucratic leadership system, cross department projects are very hard to accomplish, the finance people are extremely hard to deal with. There are many unnecessary official processes which need to be completed before getting permission to do the job. There is no one who can really make the decision." The other team members in the marketing department said: "if the project is within the department, the problems can be solved instantly with the team leader and Mr. Shi. It not only speeds up the job but also encourages our intrinsic motivation. We feel warmly supported." One of the office employees from the human resources department claimed:

"I am actually applying for a transfer to the marketing department since reading the newspaper every day in work is an absolute waste of my life. I have had enough and I am not the only one in the company who feels this way."

4.3. (3) Beijing Easyhome Investment Holding Group

The discussion of Easyhome involved six participants include managers and employees from different branches and departments. They were really interested in this research. They identified the ideal characteristics of a leader as one who has a visionary plan for the company's future, abundant knowledge and working experience, can lead the firm to continuous development and can achieve success despite the competition and challenges of a changing environment. As claimed by the vice manager of north Beijing branch: "following a visionary leader like Mr. Wang Linpeng puts a smile on my face when I wake up in the morning for work. Because I know with him my future is bright." It was agreed that good or ideal practice of leadership should have clear vision and commitment, respect followers, frequent communication and appropriate motivation. However, following the rapid expansion of the last three years, some associated problems arose. The human resources manager from the headquarters claimed: "I have to say Wang's expansion is very visionary for Easyhome's future. However, on the other hand with more than 50 branches nationwide in three years, we lacking good management of human resource reserves. Also with the rapid and large expansion, Wang frequently lost communication with many branch managers. Due to the demands of working outside headquarters, I have not seen him for two months" Therefore, the leaders concern is not only about the visionary planning but also the side effects of it. Sometimes frequent in-depth discussions are needed between leaders and associated followers. Without communication, the problems will arise sooner or later, and the consequences could be costly.

In the free discussion on leadership, one branch floor manager claimed: "it is very rewarding working in Easyhome since with hard work you will be promoted to a higher position. I worked in frontline as a receptionist for five years." The north Beijing branch manager said: "most of the store managers have worked in various positions in the main branch before being promoted. Therefore, a branch leader in Easyhome has to be multi-talented with at least five years frontline working experience." The human resources manager claimed: "personally I feel Wang needs to slow down and communicate and listen more to managers and employees at all levels. The current expansion could be

very risky.”

4.3. (4) HaiDiLao Catering Co., Ltd

The discussion was very dynamic and full of energy. The six participants including managers and employees from different branches. Every participant wanted like to share his or her experiences and opinions of HaiDiLao. Their aim was very clear: to improve the whole company creating a better future, because they believed that HaiDiLao was a big family of all the employees, to create a better future for the company meant to create a better future for their own life. Throughout the discussion, the participants showed high satisfaction with their working environment and leadership style. One of them claimed that Mr. Zhang Yong is the ideal leader in their opinion: he treats everyone equally with sincere respect, understands their needs and difficulties, encourages and helps them in both work and life, empowers them with trust etc. The others enthusiastically agreed with these opinions. They also shared the same views on good or ideal practice of leadership:

“Zhang and other leaders in HaiDiLao are like the parents of a big family, they are there to help you change your life by your own hands, they do not rule or punish you by their positional power, they even share their power with you that is what good and ideal practice of leadership means.”

In terms of the problems associated with the current leadership, some of the participants worried that the competitive environment is increasingly challenging, many competitors are catching up and copy some successful aspect of HaiDiLao. Can the leadership in HaiDiLao keep its advantage in the changing environment? During the free discussion on leadership, many of the participants confirmed that working in HaiDiLao gave them a completely different image and understanding of leadership. One of them said:

“I have worked in several different places, most of the time, the leaders or managers were very autocratic and strict with me, they did not really care about what you think or what you need, all they wanted from you is high efficiency of work, especially people like me who does not have a high education background or a university certificate”.

Some others believed that if most of the leaders could change their autocratic leadership

style to more employee based style, and give more respect to their followers, many Chinese businesses could achieve a lot more than at present.

4.3. (5) Tong Yun Electric Factory

The ambience of this discussion was quite nervous. Both younger and older employees participated. The definitions of the ideal characteristics of a leader were quite different between the young and older generations. The younger generation believed that an ideal leader should be knowledgeable, approachable, creative and innovative etc. whereas the older generation believed that an ideal leader should be authoritative, wise, good at connection Guanxi and making correct decisions etc. As a result, they had different opinions on good or ideal leadership practices. The younger generation thought that the ideal practice of leadership should be democratic, with frequent communication and good motivation, the leaders' behavior should be based on trust and respect. Meanwhile, the older generation thought that the traditional bureaucratic leadership was quite good, because they were used to this leadership style, they do what the leaders and managers told them to do, leaders and managers made all the decisions, which is simple and direct, and they do not really want to change it. In terms of the problems associated with the current leadership, the younger generation considered that the current leadership style in TongYun is too autocratic. One of them said:

“The autocratic leadership style creates difficulty in innovation and creation. Sometimes we developed a new plan or a new idea for the business, but the manager had doubts and thought that there were potential risks or problems with it, then the plan or idea was stopped or rejected. But I think we should try to make some changes to increase the competitive advantage of our company.”

However, the older employee's did not share the same opinions. A manager said:

“The firm now allows too many different voices and ideas, which could be risky, because any change or innovation may be time consuming and our competitors may over take us. The new leader (Wu) is still young and lacks experience, he should study more from his father.”

In the free discussion on leadership, both sides continued the debate, the main focus

being the issue of which is better: democratic or bureaucratic leadership; knowledge and innovation or experience and Guanxi; either the firm should make a change or stay the traditional way, etc.

4.3. (6) The Spring Group

The discussion in the Spring Group involved six participants from different departments. When they discussed the ideal characteristic of a leader, they mentioned several points: the leader should be superior, credible, can make decisions, and deal with different relationships internal or external etc. In their opinion, good or ideal leadership practice should be friendly, motivating, with more communication and more respect and trust. In the topic of problems associated with the current leadership, some of them said that they were really busy all the day, and sometimes they needed to work without having a break at the weekend; whereas others managed to arrange a little and easy work to do; and felt this was quite unfair. Meanwhile one of the others said:

“I have worked in the Spring Group for more than three years, I want to get a more important job to do, I want to learn more and contribute more to the company, because I have the ability to work harder than I am doing now. I feel that I am not trusted or motivated.”

In the free discussion on leadership, they thought that the leadership style of Li and Jiang are quite different. Li has a higher position of power than Jiang, but sometimes they prefer the leadership of Jiang, because he is more friendly and democratic, he likes to communicate and motivate followers more than Li. As claimed by the chief accountant: “problem solving with Jiang is very fast, he is always willing to talk. Most of the employees are afraid to speak to Li.” On the other hand, Li always seems very strict and autocratic, and difficult to approach. They suggested that if in the future, Li’s leadership style can turn to be more democratic, it would be better for the further development of the firm.

According to the data collected through the focus group, it showed great support of the semi-structured interviewees. In other words, a more clear and complete picture of the

situation in each case firm was created. In CMC, Mr. Mao's leadership style was highly praised, and his opinion of "understanding the followers' need" was greatly approved by his followers. In COAMC, participants from Mr. Shi's department showed confidence in their leader and department; they were pleased to work with Mr. Shi. Whereas participants from other departments pointed out their dissatisfaction and some problems of the bureaucratic leadership. In Beijing Easyhome, although the leadership style of Mr. Wang was approved, with the rapid expansion of the business, some of his good leadership behaviors were reduced, which caused some participants to worry. In HaiDiLao, the discussion was very ardent, because each participant wanted to contribute to the improvement of their firm. They trust Mr. Zhang as the parent of the family. They gave many examples to show the unique leadership style of Mr. Zhang. In TongYun, the discussion was quite difficult, due to the different opinions between the old generation and the young generation. The old generation support Mr. Wu's father's traditional way of leadership, whereas the young generation agree with Mr. Wu's idea of innovation and transformation. The conflicts were shown to be very obvious. In the Spring Group, participants described their opinions of the two leaders: Mr. Li and Mr. Jiang. During the discussion, it can be found that Mr. Jiang's leadership style were more popular, and participants hoped that Mr. Li can transform his leadership style like Mr. Jiang. All of these data highly coincided with the result of interviews, which supported the credibility and validity of the previous research.

5. Analysis of data

After the collection of secondary and primary data, the current problems associated with Chinese business leadership practices are reviewed and discussed by the current organization leaders. As a consequence, many valuable insights to the solutions of the research questions emerged. In this chapter, in order to finalize the criteria of the leadership model, a logical and thorough analysis of the collected data will be displayed and discussed. The comparison and contrast between the knowledge from “leadership related literature” and the interpretation of the “case study leadership practices” will be identified with reference to the recommended solutions to the research questions. The model will be constructed according to the primary research results.

5.1 The understanding of leadership

5.1. (1) Business condition and leaders’ background (age, education background and leadership experience)

Through observation and interview, it is evident that leaders with varying backgrounds (age, education and leadership experience) have very different characteristics leadership, and their interpretations and practice of leadership are equally diverse.

In the six case studies, the business leaders selected from a variety of enterprises (size, status and ownership) both manufacturing and service sectors are typical of leaders in modern Chinese leadership positions, and typify the current leaders of the last 30 years. They are mostly born between the 50s and 60s, with a wide range of experiences from the 10 years of the Cultural Revolution and 30 years of “Economy Reform” since 1978. Their contrastingly and diverse business experiences and limited educational opportunities (a consequence of the Cultural Revolution), there are many similar leadership elements involved in their “bureaucratic autocratic orientated leadership

styles”. On the other hand, due to their personal differences (family, education and business experience), their concepts of leadership practices are rather different in reality. Having a discussion (semi-structured questionnaire) on the leadership practices and reflections from these seven typical leaders would provide a clear picture of how current Chinese leaders think and perform generally. Firstly, there is a discussion chapter on their background, which is the dominating factor for their leadership practice.

Mao Xiaomao (CMC)

Mr. Mao Xiaomao was brought up in a traditional Communist party leader family, and both his parents were provincial government officials in the 50s during the Chairman Mao period. He was well educated before the Cultural Revolution. At the age of 17, as the “Cultural Revolution” began, he abandoned high school education and in line with the “Sending Down” policy, he was sent to a village in Shaanxi province (a famous “red district” and one of the poorest regions of China). With relatively wide range of knowledge and a hardworking attitude he was soon promoted to be a party official in the village. As he recalled, these treasured “ground-floor” experiences of living and working with the “peasantry” provided a solid foundation for his later leadership practices.

After the revolution finished, he was promoted into a central government department in Beijing and trained to be a professional party politician. With more than 10 years working experience in central government, Mao was appointed as vice governor of a coastal city in Shandong province and specialized in Business development. This experience provided him with many valuable insights into the importance of business in social development contexts during the “Economy Reform” period. Mao had also gained a good deal of knowledge of how business operates. After several years of initializing economic development in the city, he was sent back to the Central Ministry of Workers as a department official in the business sector. This experience provided him with many valuable opportunities to closely communicate with and learn from the top business leaders.

In the late 90s, he was promoted to Tibet as the regional governor of a county near Lassa. After several years as governor, he realized there were two urgent issues that needed to be addressed: economic development to improve the Tibetans' general living standards, and the need to promote Tibet as a region and area in order to attract outside investment. Therefore, the rest of his leadership career in Tibet was the achievement of these two goals. As he claimed: "leadership is to fulfill followers' needs." During his governing period, Mao edited a guide book "showcasing" the specialty products of Tibet, supported and led five local Tibetan companies to joining the stock market (IPO) in Shanghai exchange. As the largest Tibetan companies they provided thousands of career opportunities for the local people. Although he left Tibet many years ago, there are still many local people especially business leaders who prize the outstanding leadership of a memorable old friend.

When he came to the CMC, before his retirement, he retained and developed his understanding and practice of leadership that aimed to "fulfill the followers' need". Many of the frontline employees were encouraged, motivated and benefited from his participative leadership style within a traditional bureaucratic state-owned enterprise.

Mr. Mao Xiaomao represents one of the most typical types of (business) leaders in modern China. Many of the party leaders in both politics and business were from a "red family" (a first generation party official family) and affected by the "sending down" policy, and many of them were trained to be party leaders at various levels. Similar to Mao, the new Chairman Xi Jinping was from a red family with approximating leadership experiences, and there are many other party leaders who were similarly trained. These types of leaders have many similarities in their background, leadership concepts and practices. For instance, they were mostly born in the 50s and have a high regard for Chairman Mao Zedong as their leadership icon. With the traditional "red family" background, they are mostly party members who are not only loyal to the party but also concerned with the needs of the people their general leadership beliefs.

With their relatively high education level before the "Cultural Revolution", arduous

hard-working experience during this period and substantial education afterwards, most of them are visionary, knowledgeable and dialectical in their leadership practice. However, with their age and social education background, many of their leadership beliefs are less Western orientated, and mostly affected by ancient Chinese values and Communist socialist ideals (Gallo, 2011, p. 19). Most of their early experiences are within a bureaucratic government organization fashioned from the Chairmen Mao Zedong period (Bachman, 1991, pp. 29-57). Due to these factors, much of their leadership still followed “bureaucratic leadership style”.

Those with leadership experience in the remote ethnic regions were more concerned with “participative leadership” created by the cooperative political strategy with local ethnic groups (Liu, 2013, p. 79-83). With years of practical experience, many of them realized that the central duty of leadership is to “fulfill followers’ needs” by utilizing the given authority in order to effect empowerment. This also highlighted other important leadership criteria: understanding the need for leadership transformation, commitment to shared vision and mission, in-depth communication and empowerment were essential and practiced throughout their leadership career (Liu, 2013, pp. 129-172). In fact, during the last 30 years of Chinese economic development, their leadership style has gradually transformed from traditional autocratic to a more engaging leadership style. However, such transformation affected only a minority of leaders. Many other politically related government leaders are still practicing autocratic leadership within the bureaucratic system without transformation (Information for Decider Magazine Press, 2009, pp. 50-57).

Shi Shuang (COAMC)

Mr. Shi Shuang was a young business leader who was born in the late 60s. The generation born in the late 60s was less affected by the Cultural Revolution. Deng Xiaoping’s “Economy Reform” had provided them with the new opportunities of education and career. Shi earned his degree in finance from the RenMin University, and he was allocated to a town branch in the Bank of China after his graduation. His first

job was as an investment advisor. With his specialized knowledge of the banking business and more than eight years of hard work, Shi was eventually promoted as a regional branch manager in Qingdao city. His working experience from the frontline to management not only provided Shi with a thorough understanding of how Chinese banking operations work, but he also gained an in-depth knowledge of the drawbacks of current business practices.

By the beginning of 1999 when the COMAC was established, Shi was promoted as a vice departmental manager of the company. In 2003 he was appointed as the vice Chairman and was responsible for the marketing department's experimental transformation. With more than ten years of management and leadership experience, Shi understood the significance of the required transformation. In an extremely competitive banking industry, COMAC had to outperform other state-owned enterprises to gain sufficient market share. However, under the traditional bureaucratic hierarchical management system, most of the employees were insufficiently motivated to fully contribute their efforts. Both Shi and the top leadership group had decided to trial an experimental transformation of the marketing department using Western management philosophies. As Shi explained:

“The prevailing Chinese business philosophies of ‘rule by the voice of one man alone (*yi yan tang*)’ meant, any transformation had to start from the leadership level and most importantly start from the leader himself or herself.”

Shi was appointed to be the frontline leader of this transformation. Due to his well-established preparation both intrinsically and extrinsically, Shi's ambitious transformation project was very successful with a threefold increase in total profit in five years. As he later summarized: “this remarkable improvement not only enabled COMAC to gain the competitive advantage, but also proved that this type of transformation could be engaged by a traditional state-owned enterprise.”

It is evident that Shi as a younger generation state-owned business leader, was much more Western orientated than the 50s Mao generation. Transformation, empowerment and continuous learning are regarded as the most important criteria in Shi's leadership experience. As he quoted: “transformation is a must in the ever-changing environment

of the 21st century, any business leader has to be well prepared on both the conceptual and practice levels.” With their modern education background and ambition in facing the challenge, the late 60s generation are gradually emerging to the most important business leadership positions in modern China. Consequently, it is hoped that through their hard work and commitment it may prove to be an example for change in the near future, and wider transformation of the modern Chinese leadership.

Wang Linpeng (Beijing Easyhome)

Wang was brought up in a small peasant village in Hubei province. He was the second son of the family. Gifted intelligent and hardworking, he was an outstanding student in both secondary school and high school. At the age of 19, seven years after the Cultural Revolution, he enrolled into the Commercial University in Beijing with the best grade in his hometown. As an active response to the call of Deng Xiaoping’s “Economy Reform”, Wang had chosen cooperative finance as his major at university. Three years later with top grades in the class, he was allocated to the Ministry of Commerce as a junior financial advisor. With a strong entrepreneurial personality, Wang’s ambition was to prove himself in a real world business.

Three years later, he found himself as a vice chief finance officer in the Zhong Shan group, one of the largest state-owned commercial groups in Beijing. With substantial experience in finance analysis, Wang was promoted to chief financier of the Hua Lian group, the largest commercial group belonging to the Ministry of Commerce. Although he was specialized in finance, he gradually realized that it was a mistake to evaluate employees’ performance by financial figures, human factors are the root cause and solution of the problem. Consequently, his entrepreneurial ambitions grew along with greater understanding of the leadership role. As Wang emphasized: “I think I can be a better leader in the business”.

Two years later, in collaboration with and encouragement from two other top managers from the Hua Lian group, Easyhome was founded in 1999 with Wang’s significant

contribution. He was later appointed as the deputy CEO of the group responsible for the marketing and finance department. His sensitive market analysis and development strategies, rapidly developed Easyhome into the leading company in Beijing by the end of 2002. With the retirement and recommendation of the previous CEO, Wang was promoted as the new CEO. As Wang declared to the employees at the beginning of his leadership journey as a CEO:

“Although Easyhome was successfully established in the first three years, we are far too small in comparison with our many competitors in the country. I have a dream (ambition) to make us the largest multi-functional furnishing store in the country by the construction of a nationwide retail chain. I hope I can have all your support.”

With many years of top management experience and thorough understanding of the retail market, Wang had his visionary plan right at the beginning. As he said:

“Chinese domestic market is developing so rapidly since 2000, we have to grasp the majority of the market share to remain in the business. Otherwise, someone else will. As a leader, I am not only responsible for the development of the business, but also the survival of hundreds of employees and the dependent business partners.”

His responsible leadership principles and long-term development vision, with the support and contribution from all the employees, Easyhome have established a nationwide commercial chain with 70 branches in less than ten years, and as the largest furnishing store in the country, Easyhome is still expanding. One of the key characteristics of Wang as a leader is his enterprising spirit, responsibility and vision. As he explained: “It is not only the structure I had as a peasant boy in the city but also the enlightening experience of working in the Ministry of Commerce and large cooperation”. Business leaders with similar backgrounds are very typical in many large state-owned or state-controlled (with majority of share) corporation. As Wang noted, many of his classmates in the university are now business leaders in other organizations at a similar level. These types of leaders are very responsible and hardworking a consequence of the hardships and struggle of life in the peasantry. Their later experience in large organizations at national level provided them with a clear vision of the future and a strong sense of responsibilities for the employees and the associated part of society. Therefore, their key leadership criteria are: system thinking, hard-working commitment, transformation and continuous learning.

Zhang Yong (HaiDiLao)

Zhang was a typical early 70s village boy growing up in a poor worker family. Without any business related certificate, he only has a high school education in electric welding. However, he had a strong entrepreneurial spirit right at the beginning of his career. Apart from the day job, he spent his spare time in a street hotpot booth as his second job (catering business). It was the impetus of the “Economy Reform” that at the age of 24 in 1994, encouraged Zhang to invest his 8000RMB savings into a local hotpot restaurant his first catering business. At the beginning the business was not as he had expected, with only a few customers, through his hard work on thorough research using customers and experts in the field, Zhang made his first “transformation” by altering the flavor of the hotpot.

Gradually, with two years’ hard effort, Zhang and his two assistants expanded the restaurant HaiDiLao becoming the largest hotpot restaurant in his hometown Jianyang with two branches. Zhang “empowered” both his assistants as the senior managers solely responsible for the business of the two branches. He then was able to concentrate on the future expansion of HaiDiLao. Many people considered his “empowerment” was too risky, Zhang replied with smile: “I trust my employees and know them to be ‘kindhearted’ people and I treat them with sincere respect. Thus there is no risk.” As a result, Zhang launched this start of his national expansion in the city of Xi’an only four years after his first restaurant. Zhang claimed:

“I had an unachievable vision in the beginning, I wanted HaiDiLao to be the best national hotpot restaurant chain in China. At the time, there was no brand name ‘hotpot’ in China, HaiDiLao will be the first one.”

With the visionary ambition of being the best in the catering industry, HaiDiLao established 75 branches restaurant nationwide by 2012. With the rapid expansion and solid reputation, Zhang said sincerely and touchingly:

“I have no secret management skills but only one basic principle. Every manger (leader) in the HaiDiLao needs to understand this basic principle as the prerequisite for their

empowerment, we are not forced to be concerned with our employees, but actually to realize that we are all human beings. Every single person needs to care and be cared for by others. All this caring is based on one principle which is ‘all men are created equal’.”

In terms of business, Zhang is only concerned with two key values, namely employee value and customer value. Zhang expressed: “our principle of selecting employees is very simple, ‘a hardworking kindhearted good person’. It is a simple criteria but means a lot to us.” He added: “it is a bit like cooking, we select the best quality ingredients and use the most thoughtful and respectful cooking skills, which results in the best dishes.” He explained:

“If a business wants the customers’ satisfaction (customer value), business leaders need to realize customer satisfaction comes from employee satisfaction. There is a sequential order between the two values. With care and respect of the selected employees, we have employee satisfaction that is the first priority. As a consequence, customer satisfaction will be delivered by the employee’s intrinsically motivated efforts and contribution in the frontline, which is the only way we can directly contact our customer.”

The simplified leadership principles of Zhang are the most powerful amongst the seven interviewed leaders. These human orientated principles grasp the essence of human nature (respect, trust, empowerment), unleashing the follower’s willingness to creatively contribute (engaging brain rather than just labor). Trust and empowerment is a smooth channel which delivers followers willingness and efforts into flourishing sustainable business results. It is evident that as a village boy with a relatively less formal education, Zhang’s leadership is strongly dominated by traditional Chinese values. These values such as moral, ritual and trust are passed down through the family generation by generation in Chinese society. Especially for people with less educational opportunities, these traditional values become even more dominant in their social behavior including leadership behavior. Zhang is a real example of this type of leader. His employee selection of a “hardworking kindhearted good person” is a noticeable example of traditional Chinese values dominated leadership behavior. Consequently, Zhang has demonstrated a sound example of successful leadership with the criteria of interpersonal relationships (psychology), empowerment, trust, leadership ethic and commitment to transformation.

Wu Gang (Tong Yun)

Wu is the youngest business leader amongst all the interviewees. He was born after the Deng Xiaoping's Economy Reform in the late 70s. He grew up in an entrepreneur family as both his parents started their own business in the late 80s. Wu has a full premier Chinese education with the improved modern education system. At the age of 19 as he graduated from high school, he went to the UK for his university education in business management. Five years later, he graduated with his master's degree in business administration and management from Hull University. Therefore, a substantial Chinese and Western educational background provided Wu with a thorough business and managerial knowledge foundation for his later business career. With his substantial education and knowledge background, Wu was appointed as the new CEO (leader) in his family business the electric factory in his hometown. His father the former CEO and owner of the factory is semi-retired to give the younger generation the opportunity to use his new knowledge and understanding for the future of the business. However, as regretted by Wu:

“In reality, just knowledge is not enough, many Western management theories are rather impractical in our current situation, especially within a bureaucratic family owned business. Many older workers are very defensive toward the management transformation. Some of them interpreted transformation as a threat to their current stable careers.”

The defensive attitude and misunderstanding of the business transformation toward a more innovative factory, the older members especially Wu's father created many barriers for Wu's idea of transformation. In a bureaucratic family business, without support from the older generation, Wu is moving nowhere. He not only made little improvement to the factory, but also caused a huge conflict between the older and younger employees. As claimed by Wu,

“The first lesson of organizational transformation as a business leader is very painful and confusing, I am gradually losing confidence in engaging Western management

theories and as a leader I felt powerless in a bureaucratic family management system. It is really frustrating.”

It is evident that Wu is an ambitious younger generation business leader with a substantial knowledge of and training in Chinese and Western management but little understanding of the family owned factory business. This highlights the danger of someone with little understanding of the system attempting to transform it, failures are highly likely and the scenarios can be complicated and full of conflict. With more than 30 years of economic development since the Economy Reform, many of the first generation entrepreneurs are ready for retirement. Resulting in more young business leaders starting to run a family business under the guidance of their elders.

This younger generation of business leaders is gradually becoming typical in recent Chinese leadership trends. They are young and well educated with huge ambitions for transformation and the challenge of globalization. However, in many cases the transformation is rushed without a thorough understanding of the system they are dealing with. The huge barriers of the traditional bureaucratic family business management system and the distrust of older members, many transformations end with conflict and frustration (Li, et al, 2008, pp. 48-57). The conflicts between the two generations are most likely to be costly and risky for the business. Therefore, a basic Chinese leadership education is urgently needed for the younger generation of Chinese leaders especially in family owned business. Although Wu was well equipped with Western management knowledge, his leadership skills were rather immature. Many important leadership criteria are lacking in his leadership practice, for instance, system thinking, commitment to shared vision and mission, sufficient communication, motivation and empowerment. Consequently, the ambition of modern leadership transformation is very difficult to accomplish and the conflict within the organization could be the largest barrier to such transformation.

Li Yuan & Jiang Zhengwang (the Spring Group)

Li and Jiang represent another form of typical family owned business in China. Since

they are brothers in-law who grew up in the same street, there is much more mutual tacit understanding and trust between them. They were both born in the 60s, Li is five years older than Jiang. Li is the owner and founder of the business with more than 30 years of entrepreneurial business experience. Jiang always acts as the supporter and follower in Li's business, he respects and trusts Li as a big brother as well as the leader of the business.

Li was part of the famous first generation of self-employed entrepreneurs (*ge ti hu*) at the beginning of "Economy Reform". As he recalled:

"My generation are testimony to Deng Xiaoping's "Economy Reform", I have set foot in many types of businesses, including bicycles, television box and restaurants etc."

The 30 years of hard work and multifaceted business experience, not only provided Li with an expansive of the knowledge current Chinese business environment but also a thorough understanding of the "Guanxi" network in modern Chinese business society.

As claimed by Li:

"I may not have the knowledge of modern management, but I definitely know how to run the business through "Guanxi" network, which is much more important in current Chinese business practices."

Through discussion, it was evident that Li viewed the "Guanxi" network as a continuously developing system. As a member of the system, their first priority is to maintain close contact with the system and to link their own business's needs with the overall system goal. Through continuous development with the "Guanxi" network, the real estate business of the Spring group has grown rapidly in the last 15 years. On the other hand, Jiang as the internal leader of the organization has made many valuable contributions to the development of the Spring group.

As the initializer of management transformation and 14 years in his leadership position, Jiang has many well considered views and in-depth understanding of organizational leadership practices. As Jiang claimed:

"The stability of the leadership group in a family owned business is the first priority for any transformation. Especially in leadership transformation, mutual agreements amongst the leadership group members are vital."

Another valuable point Jiang mentioned:

“In a bureaucratic hierarchical organization like Spring, the safest way to perform leadership transformation is engaging small-scale experiments step by step. This not only makes it easier to achieve successes but is also likely to gain empowerment and trust from the top leadership group.”

In Spring group, Jiang is currently performing some small scale leadership transformations, the outcome is steady and effective. Li as the top leader of the company has gradually agreed to larger scale leadership transformations because of Jiang’s flourishing outcomes. On the other side, although Jiang had relatively low educational background (high school), he is very enthusiastic about Western business management topics which has become something of hobby. He has self-studied many of the latest business concepts from translated journals, with his small scale leadership experiments, he found many concepts (system thinking, trust, empowerment and communication) can be very powerful leadership criteria. The rewarding results of the leadership practice have meant, he is more and more interested in leadership topics. As he explained:

“The concepts of Western leadership theories and practices are clearly defined and easy to grasp. Many have recommended approaches which are easy to apply yet the result is very powerful. It is worth noticing that any transformation experiment has to be carried out with great care and aimed at the long term.”

The leadership practices of Li and Jiang, demonstrates that through many years of business experience, many basic leadership criteria are well understood and applied in their everyday business practice, namely, system thinking (Li’s understanding of Guanxi and Jiang’s leadership group agreements), empowerment and communication, continuous learning etc. There is a need to discover a fundamental framework that could engage their valuable leadership concepts collectively, which could unleash their employees’ potential and enhance their business competitiveness.

5.1. (2) Definition of leadership

Table 9 Definition of leadership

Leader	Definition of leadership
Mao Xiaomao (CMC)	Leadership is to accumulate people's trust through the contribution of a leaders' power to fulfil their needs.
Shi Shuang (COAMC)	Leadership is the art of motivation.
Wang Linpeng (Beijing Easyhome)	With the challenge of uncertainty of the future, leader is like the captain of the giant ship who has to know the direction.
Zhang Yong (HaiDiLao)	The job of leadership in business is to fulfil both employees and customers' requirement.
Wu Gang (Tong Yun)	Leadership means the influence and persuasion power to lead people towards the targets of the business.
Li Yuan & Jiang Zhengwang (The Spring Group)	Leadership is to instigate or influence others to deliver the leaders' business will.

The personal definition of leadership provided a clear reflection of the different and unique experience of each leadership journey, including the most pertinent interpretation of leadership from each individual leaders, highlighting valuable individual criteria for leadership practice in China. This is not just an academic understanding but a lifelong accumulation of real life observations, experiences and reflections. Table 9 illustrates their own individual understanding of leadership, based on their personal leadership experience. Their definitions revealed different aspects of leadership, such as art of motivation etc. By analyzing these definitions, some key features of leadership practice in China can be observed.

Firstly, leadership means power: in contrast to simply using positional power, some Chinese leaders have already realized that a leaders' power can be delivered by influence, persuasion, motivation, etc. Secondly, leaders should know the direction: some viewed direction as the business target, some believed that the direction should

be based on the leaders' business will. Thirdly, leaders should fulfill the needs and requirements of followers and customers: this reflected the priority of understanding and considering the importance of followers, and the interests of customers first. In short, although each leaders' definition of leadership is specific, they are a summary of many years of practice and experience, and demonstrate a number of features of current Chinese leadership.

5.1. (3) The three most important qualities of leadership and leadership idol

Table 10 The three most important qualities of leadership and leadership idol

Leader	The three most important qualities of leadership	Leadership idol
Mao Xiaomao (CMC)	<ul style="list-style-type: none"> ● Influence ● Fulfilment followers needs ● Understanding of the triangular relationship of mutual beneficial system 	Mao Zedong
Shi Shuang (COAMC)	<ul style="list-style-type: none"> ● Motivation ● Instant communication ● Empowerment by integrated teamwork 	Deng Xiaoping
Wang Linpeng (Beijing Easyhome)	<ul style="list-style-type: none"> ● Initializing of vision ● Understanding of an interdependent system ● Constant stay in business 	Warren Buffett
Zhang Yong (HaiDiLao)	<ul style="list-style-type: none"> ● All man are created equally ● Change life with one's own hands ● Empowerment 	"All men are created equal"
Wu Gang (Tong Yun)	<ul style="list-style-type: none"> ● Authority (positional power) ● Clearly defined regulation ● Bureaucratic hierarchical system 	Deng Xiaoping
Li Yuan & Jiang Zhengwang (The Spring Group)	<ul style="list-style-type: none"> ● Sincere ● Trust ● Hierarchy system 	Mao Zedong

In the above Table 9, each interviewee was asked to identify the most important key “leadership qualities” from their own particular leadership experience and review the reason for their importance during their leadership journey. When analyzing the primary data of each leaders’ education background, leadership experience and definition of leadership, it is difficult to identify why the first four firms were more successful than the last two. However, when analyzing the data of the “three most important qualities of leadership”, clear differences in how each leader understands and in practice uses these qualities in the two groups of firms are shown.

Leaders from the four more successful firms suggested the three most important qualities of leadership included: influence, fulfillment of followers’ needs, understanding of the triangular relationship of mutually beneficial system, motivation, instant communication, empowerment, initializing of vision, understanding of an interdependent system, constantly stay in business, equality, etc. In fact, many of these qualities are very advanced, and highly similar to the concepts of “transformational leadership”. Leaders from the other two firms considered the three most important qualities to be authority (positional power), clearly defined regulation, bureaucratic hierarchical system, sincerity and trust. These leadership qualities demonstrated the typical traditional leadership style in China: autocratic, bureaucratic and hierarchical, sincerity and trust, being part of the hierarchy system. Regarding the choices of leadership idol, four out of six leaders chose Mao Zedong and Deng Xiaoping, once again demonstrating the powerful influence of Mao Zedong and Deng Xiaoping on modern Chinese policy and society.

In conclusion, it is evident that educational background and business experience are the main factors in current leadership practice. The seven selected leaders expressed their own understanding of leadership in the biographical review of their social, personal and career development. Research and interviews established that they are both typical and representative Chinese business world since the “Economy Reform” in 1978 demonstrating, their own unique interpretation and practices of leadership in their own business ventures. The damage and trauma of the Culture Revolution had a significant

impact on the current leader's personality as well as their social attitudes. Although many leaders were able to belatedly gain education, the abandoned basic education was an influential factor in their leadership practices. Lack of basic education significantly hindered their future development and their ability to grasp the latest leadership theories and concepts. The current bureaucratic leadership system reflects the weak educational background of many business leaders. On the other hand, most of the current leaders have a wide range of experience due to their early practical "hands on" business experiences. The "Sending Down" policy to the peasantry or army also played a significant role in developing their hardworking personality. By contrasting with younger generation leaders, leaders born in the 50s and 60s have developed more matured leadership practices, many of the basic leadership principles of Western theories as well as ancient Chinese qualities were self-educated through the demand of their harsh and arduous working experiences.

Deng Xiaoping's Economy Reform not only transformed the Chinese economy, but also created a generation of entrepreneurial business leaders (Evans, 2013, pp. 351-356). Many were provided with opportunities in education, entrepreneurship and freedom of self-actualization. As Deng emphasized: "the Reform is to improve our living standards by promoting a group of young entrepreneurs to become wealthy first, then their businesses will provide many more career opportunities for other people and later generations" (Evans, 2013, p. 373). Through more than 30 years of Economy Reform, it is evident that leaders in various sectors of business developed their own distinctive understanding through self-education a wide range of experience and the accumulated knowledge. Many essential concepts of leadership both Western and ancient Chinese were found and utilized. Despite the uneven outcome, many business leaders realized the need for leadership transformation from traditional bureaucratic to more participative and proactive, in order to gain a competitive advantage in the ever-changing business environment. Furthermore, due to the increasingly strong force of globalization, many leaders became aware of the strong link between leadership development and future competitiveness.

However, as ancient Chinese Buddhist idiom illustrates, "the blind men feeling the

elephant (*mang ren mo xiang*), only touching part of it, and concluding what the elephant is like, meaning: to draw a conclusion (make a decision) on the basis of partial understanding”, describes the current leadership practice of making an overall judgment of leadership on the basis of a single viewpoint by an individual leader can be both risky and dangerous for the overall business. There are many key criteria of leadership that are only partially understood, and there are still many issues that need to be addressed regarding their leadership development. All in all, the leaders’ education, social and career background and experience provide many valuable insights into their current practices of leadership. But there are many potential weaknesses associated with their current leadership practices can be discovered and identified. Moreover, it is clear that there is a growing demand for leadership transformation in the current Chinese business world. Therefore, a holistic sustainable framework (solution) for leadership transformation and upgraded leadership education needs to be thoroughly discussed and discovered.

5.2 The current leadership practice in organizational level

5.2. (1) Current situation: bureaucratic

Table 11 Current situation of Chinese leadership system

Organization	The current situation of Chinese leadership system
CMC	Bureaucratic system
COAMC	Bureaucratic hierarchical management system
Beijing Easyhome	Bureaucratic leadership
HaiDiLao	Bureaucratic leadership
Tong Yun	Mostly bureaucratic; some are participative and democratic
The Spring Group	Directive bureaucratic hierarchical leadership system

As many text books emphasize, in the 5000 year history of feudalism the bureaucratic social system as well as the current single party political system, bureaucratic leadership is still the widely applied leadership style in most of the modern Chinese leadership practices. In the primary research, all of the leaders pointed out and agreed that the current system is bureaucratic, only one of them mentioned that some parts of the system are participative and democratic (Table 11). As shown in the literature review, the forming of the bureaucratic leadership system is related to social, political and historical reasons, and cannot be transformed or replaced overnight.

5.2. (2) The most appropriate leadership style in current China: difficult to define, some imaginations.

Table 12 The most appropriate leadership in current China

Organization	The current situation of Chinese leadership system
CMC	Difficult to define Good example: trusting empowerment
COAMC	Hard to define Good example: understanding the starting point
Beijing Easyhome	Hard to define Good example: human-orientated or human friendly
HaiDiLao	Hard to define Good example: most motivating
Tong Yun	Bureaucratic Good example: more engaging, participative and democratic
The Spring Group	Directive bureaucratic hierarchical leadership style Good example: friendly participative

When it comes to the question of the most appropriate leadership style, most leaders found it very difficult to define accurately. As each individual organization was different. Therefore it is the leader's responsibility to identify the most appropriate leadership style according to the organization's requirements. The majority realized the disadvantages of a bureaucratic leadership system, citing the following examples abuse

of positional power, difficult to achieve effective communication, limited the abilities of followers, and in the long term will reduce working efficiency and loss of competitive advantages.

As a result most argued for the urgent need to transform bureaucratic leadership to a more participative leadership style. Doing this will not only motivate employees to contribute their intellectual resources at work, but enable both leaders and employees to work collectively as an organization or system able to operate in a global market.

The insights of the interviewees, indicate key aspects of an appropriate leadership style: trust, empowerment, understanding the starting point, human orientated or human friendly, motivation, participative and democratic (shown in Table 12. It should be mentioned, the leaders from the two less successful firms Tong Yun and The Spring Group still believed that bureaucratic leadership was the choice of “Chinese history”, still effective in the current situation, but acknowledged that democratic and participative elements could provide significant improvements.

5.2. (3) Leadership style in interviewees' firm

Table 13 Leadership style in interviewees' firm

Organization	The current situation of Chinese leadership system
CMC	Trying to transform from bureaucratic leadership to more advanced leadership style
COAMC	Semi-bureaucratic The main infrastructure is bureaucratic; the marketing department is engaging empowerment leadership style
Beijing Easyhome	Team work based democratic leadership style
HaiDiLao	“all men are created equal”; engaging empowerment through trust
Tong Yun	Bureaucratic and directive; Trying to transform to more democratic participative leadership style
The Spring Group	Directive bureaucratic hierarchical leadership style & Friendly participative leadership style

The investigation of the current leadership style in each firm, revealed the reality in practice and the insights and in-depth understanding of each leaders existing leadership style. In Table 13, the interviews show that all the six firms have experienced leadership transformation or are still in the process of transformation. Evidently, they all realized the disadvantages of bureaucratic leadership when faced with the threat of competition. According to CMC, they are trying to transform from bureaucratic leadership to a more advanced leadership style. As a state-owned leading firm in their field, CMC was believed to have more competitive advantages, such as support from the government, abundant material and advanced human resources. However, the antiquated bureaucratic leadership style reminded a barrier to the continuous development of the organization.

In this case, CMC began to study other successful companies and tried to transform

from bureaucratic leadership to a more human-oriented leadership style. Through the hard work of the last five years, transforming the leadership style in CMC, the organization has become more energetic and more competitive. The leader from CMC summarized that although the transformation needed effort, time, and transformation of leaders' thinking, etc., the outcome was impressive and they will continue the transformation.

Similar to CMC, COAMC is also a state-owned, leading firm in their field, bureaucratic leadership was still the main leadership style. However, in order to fulfill the requirements of business customers, the marketing department was transformed to a more human-oriented approach, and it engaged empowerment leadership style as the main leadership style. The transformation greatly increased the working efficiency of the marketing department, employees were motivated and trained to become the future leaders of the company.

In contrast with the two state-owned firms, Beijing Easyhome and Hai DiLao realized the drawbacks of bureaucratic leadership at an early stage of their development, therefore they applied an alternate leadership style. Beijing Easyhome as a state-controlled majority share firm applied traditional bureaucratic leadership at the beginning of the organization. Fast expansion and development of branch firms, bureaucratic leadership style could not meet the requirements of the different branches, therefore it transformed to a teamwork based democratic leadership style.

HaiDiLao as one of the most developed rapidly expanding firm in its field, established "all men are created equal" as its guiding principle engaging empowerment through trust as its main leadership style. This grew from the actual experience of the founder Zhang Yong, and it was through the difficulties he encountered of bureaucratic leadership, that he realized the serious drawbacks which he abandoned creating his own leadership style by making the firm a big family. Both attempt of Beijing Easyhome and Hai Dilao achieved great success, their employees were highly motivated and their working efficiency was significantly improved. Both of the leaders believed that leadership transformation would help them gain competitive advantages in the ever-

changing environment.

In comparison, the two less successful firms Tong Yun and The Spring Group were also involved in their respective leadership transformation. Leaders from these two firms still believed that as a traditional leadership style, bureaucratic leadership was the core of their employees' mind-set, forming a barrier to change. However, the increasingly competitive environment forced the leaders to review and make some changes to their leadership style. When a new generation of leaders joined the leadership group, the requirement of leadership transformation become more urgent. In Tong Yun, the new leader as the second generation of this family owned firm, with an education background in Western management, he inevitably brought many new ideas and concepts. He realized that bureaucratic leadership had made the firm gradually lose its competitive advantage in the market, therefore he tried to transform the leadership to a more democratic participative leadership style. However, the conflicts between the older employees and the new leader left the transformation facing many barriers. In the Spring Group, the founder of the firm Mr. Li and the general manager Mr. Jiang have different opinions on bureaucratic leadership. Mr. Li considered that its inherent power unified the followers' thinking and making them understand their position, and consequently following the leader's orders automatically. However, Mr. Jiang realized that a bureaucratic hierarchical leadership style could be a barrier of two way communication, losing valuable employee feedback, and in the long term obstruct the development of the firm. In this case, Mr. Jiang tried small transformation steps by applying a more friendly and participative leadership style.

5.2. (4) Interpretation of traditional Chinese value

Table 14 Interpretation of traditional Chinese value

Organization	The current situation of Chinese leadership system
CMC	Confucianism & Maoism are very influential. Sun Tzu is also very popular
COAMC	Some of them are lost or forgotten, but others are still deeply embedded in the Chinese people, e.g. Confucianism
Beijing Easyhome	They provide many valuable insights into these inherent qualities
HaiDiLao	The traditional values could promote people to become a good person
Tong Yun	Many traditional Chinese value are very powerful, e.g. Guanxi
The Spring Group	Very meaningful in both business and personal cultivations. e.g. Rituals, respect and Guanxi

The discussion on traditional Chinese values not only provided a strong indication of the depth of embedded traditional value and the substantial effect on the current Chinese society, but also revealed the leader's understanding of engaging these as a significant part of their leadership approaches in modern leadership practice, and most of the leaders have already engaged variety of them (Table 14). However, reversely some traditional Chinese values are still viewed as barriers to modern leadership development. It is the leader's responsibility to assess these values promoting and developing those which are both positive and appropriate and supportive of transformation in current leadership practice (Qiao, 2010, pp. 117-119). It is well argued that with more than 5000 years of civilization, both Chinese leaders and employees are still very much influenced by many of the traditional values (Cao, 2007; Qiao, 2008; Zhang, 2007). Through the interview of the leaders from the six firms, it is evident that irrespective of educational background and the leadership style in their companies, all of the leaders agreed that traditional Chinese values are still very significant for the modern day, being in the "mind and blood" of the Chinese people. By awaking and reinterpreting employees'

deeply embedded values, the leadership transformation process can be much more suitable for current social conditions in China.

5.2. (5) understanding and application on Western leadership theories

Table 15 Understanding and application on Western leadership theories

Organization	The current situation of Chinese leadership system
CMC	Mostly stay at a theoretical level as a verification tool
COAMC	More practical and dialectical; well discussed and clearly defined; more scientific
Beijing Easyhome	Human friendly & understandable; concentrated on practical usage; less complicated than confusing philosophies
HaiDiLao	Very scientific, but the outcomes always associated with figures
Tong Yun	Most of them are very useful; Western theories are very good seed, but need rich soil.
The Spring Group	Many different leadership thoughts are well argued, but very difficult to apply in reality.

The six interview discussions and the focus groups reveal that many Western leadership theories are accepted and applied in modern Chinese leadership practices. Many of them are viewed as a positive help to current leadership, whereas others are still to be discovered and understood (Table 15). Summarizing the primary data, the advantages of Western leadership theories included: dialectical, well discussed and clearly defined, scientific, human orientated, less complicated and easy to understand. The disadvantages which were mentioned included: stay at a theoretical level, outcomes always associated with figures, needs a lot of resources to support and difficult to apply in reality. By balancing the advantages and disadvantages of Western leadership theories, some leaders thought that they provided many advanced concepts and practical tools; whereas some leaders indicated that their application can be too idealistic and inappropriate for current Chinese leadership development.

5.2. (6) About transformational leadership

Table 16 Opinion of transformational leadership

Organization	The current situation of Chinese leadership system
CMC	Heard about it; transformation is needed in China
COAMC	The hottest and widely discussed topic now; very profound and distinctive
Beijing Easyhome	Applying transformational leadership, e.g., empowerment, continuous improvement
HaiDiLao	Never heard about; but strongly agree with its idea of the need for transformation
Tong Yun	Roughly learnt the concept; it is very advanced, but maybe difficult and time consuming to apply in China
The Spring Group	It is a great idea, but there are many barriers to applying it, it could be a life changing process.

In the later part of the interviews, most of the leaders were not familiar with the concept of the transformational leadership (Table 16). Some had never heard of it before, some were aware of it being a leadership theory, but did not really know the concepts behind it. Some of the interviewees had briefly studied it through available literature but not in practice, only from Beijing Easyhome acknowledged that they are applying some of the transformational leadership concepts in their firms, such as empowerment, and continuous improvement. In short, most of them agreed there was an urgent need for transformation away from the current bureaucratic style of leadership.

5.2. (7) Opinion on Chinese and Western leadership philosophies

Table 17 Opinions on Chinese and Western leadership philosophies

Organization	The current situation of Chinese leadership system
CMC	Many similarities and differences Chinese one is more suitable for the current state whereas Western could provide some insights and guidance
COAMC	Many philosophies have very similar meanings, the important is the use not the name Western leadership is more practical and dialectical
Beijing Easyhome	Engaging Chinese philosophy in personal development. Engaging Western leadership in the organization
HaiDiLao	Sharing a common basis of “caring with humanism for management is the basic factor”
Tong Yun	Chinese leadership emphasized the centralization of power, whereas Western leadership concentrated on decentralizing power.
The Spring Group	Chinese current leadership practice needs improving and transforming. Many of the simplest Western leadership concepts are extremely powerful in practice, and need to be engaged in small business.

The idea of combining Chinese and Western leadership theories was greeted with great enthusiasm by most of the interviewed leaders (Table 17). They agreed that there are both similarities and differences between the two, and many aspects, could be complementary. According to the research, the common base was “human and caring management”. The main differences were the practical and dialectical nature of Western leadership which as Western leadership is more practical and it concentrated on decentralizing power, whereas Chinese leadership emphasized the centralization of power. The complementary aspects were considered by CMC as a Chinese approach being more suitable for the current situation with Western theories providing insights and guidance; Beijing Easyhome said that Chinese philosophies could be used in personal development, and Western leadership theories in organizational development. Although the overall opinion was optimistic, many questions remained regarding

formula for combination and the actual application process. Several real cases of applied “combined leadership” models have been reviewed, many of the prerequisites for such a model have been discussed and summarized to give an overview of the combination and application of the model.

To sum up, a bureaucratic leadership style is still the main leadership style in current China, and it has a deep social, political and historical background. Although leaders gradually realized the drawbacks of bureaucratic leadership such as low efficiency, lacking of communication and motivation, abuse of positional power, etc., it still cannot be transformed overnight. At present, most leaders do not have a clear idea of what will be the most appropriate leadership style, but they have many assumptions and expectations, such as trust, empowerment, human-oriented and democratic etc. They attempted to transform these assumptions and expectations into reality in their own firms; some of them gained great feedback, whereas others met some difficulties. Certainly they were in different situation and they were experiencing different stages of transformation, but another important reason behind these was a lack of guidance and a leadership transformational model to provide necessary concepts and support. On one side, according to the research, leaders all believed that traditional Chinese values are still powerful and valuable in the modern Chinese business field and leadership system. In their practice, they always relied on the traditional Chinese philosophy. On the other side, their attitude to Western leadership philosophies was very careful and not optimistic. They desired the advanced leadership concepts including transformational leadership, and they considered that there must be some similarities between Chinese values and Western theories, but it needed a bridge to build between them. In this case, a leadership transformational model that combined the advantages of both traditional Chinese value and Western leadership theories was urgently required.

5.2. (8) Feedbacks from focus group

Table 18 Feedbacks from focus group

Topics Firms	Ideal characteristic of leader	Ideal practice of leader	Problem associated to current leadership	Free discussion
CMC	<ul style="list-style-type: none"> ● Willingness to understand the followers' needs and expectations ● Respect followers ● Motivation 	<ul style="list-style-type: none"> ● Based on fulfil the majority employees' needs and wants ● Be harmonious with organization ● Lead the organization to continuously improve 	<ul style="list-style-type: none"> ● Hierarchy system and bureaucratic leadership ● Blockage of communication channels both horizontally and vertically 	<ul style="list-style-type: none"> ● Leaders should like Mr. Mao Xiaomao ● Employees are hungry for the leadership transformation
COAMC	<ul style="list-style-type: none"> ● Innovative ● Empowerment ● Trust and respect employees ● Communicative ● Understanding how to motivate followers 	<ul style="list-style-type: none"> ● Teamwork ● Communication ● Empowerment 	<ul style="list-style-type: none"> ● Bureaucratic leadership style ● Rare communication ● Followers felt not be understood and motivated 	<ul style="list-style-type: none"> ● Strong contrast between marketing department and other departments of the firm ● Employees from other departments are expecting leadership like marketing department
Beijing Easyhome	<ul style="list-style-type: none"> ● Has a visionary plan for the company's future ● Abundant knowledge and working experience ● Lead the firm to continuously development ● Succeed the competition and changelings in changing environment 	<ul style="list-style-type: none"> ● Have clear vision and commitment ● Respect followers ● Frequent communication ● Appropriate motivation 	<ul style="list-style-type: none"> ● With the rapid and huge amount of expansions, leaders lost frequent communication with many branch managers 	<ul style="list-style-type: none"> ● It is rewarding to work in this company ● With hard working, employees will be promoted to higher position. ● Every branch leader should be multi-talented and with at least five years frontline working experience. ● Communication should always be

				one of the key work of leader.
HaiDiLao	<ul style="list-style-type: none"> ● Treat everyone equally with sincere respect ● Understanding followers' needs and difficulties ● Encourage and helps them in both work and life ● Empower followers with trust 	<ul style="list-style-type: none"> ● Like their leader Mr. Zhang Yong: like parents of a big family, help followers change their life, do not use positional power to punish and share; his power with followers 	<ul style="list-style-type: none"> ● Facing the increasingly serious competitive environment, whether Mr. Zhang Yong's leadership could lead HaiDiLao keep its advantages in the changing environment 	<ul style="list-style-type: none"> ● Highly satisfied with Mr. Zhang Yong's leadership style ● Believed that changing autocratic leadership style to more employee based leadership style will make many Chinese business gain higher achievement
TongYun	<ul style="list-style-type: none"> ● Yong generation: knowledgeable, approachable, creative and innovative ● Elder generation: authoritative, wise, good at connection Guanxi and making correct decision 	<ul style="list-style-type: none"> ● Yong generation: democratic, frequent communication, good motivation, trust and respect ● Elder generation: traditional bureaucratic leadership is simple and direct 	<ul style="list-style-type: none"> ● Serious conflict between the two generations: the current leader is trying to transform the traditional bureaucratic leadership style, whereas the old leader prefers to keep the traditional way 	<ul style="list-style-type: none"> ● Many debates between the two generation: democratic leadership or bureaucratic leadership; knowledge and innovation are more important or experience and Guanxi are more important; the firm should make change or stay the traditional way
The Spring Group	<ul style="list-style-type: none"> ● Superior ● Credible ● Making decision ● Deal with different relationship internal or external 	<ul style="list-style-type: none"> ● Friendly ● More motivated ● More communication ● More respect and trust 	<ul style="list-style-type: none"> ● The division of work is very imbalanced ● Some employees felt not be trusted 	<ul style="list-style-type: none"> ● Compared with Mr. Li, most employees prefer Mr. Jiang's leadership style, because he is more friendly and democratic, and he has more communication and motivation with follower

The aim of applying the “focus group” research method is to eliminate the limitation of case study and semi-structured interview, and to improve the reliability and generality

of the “qualitative” research. From the data that was collected through the “focus group”, it provided significant support for the previous case study and interview. The participants from the six research firms were included both senior managers and employees some from different branches. Their age group, education background and position are varied. There were four parts to the focus group research: the ideal characteristic of a leader, ideal practice of leadership, problems associated with the current leadership and free discussion on leadership.

According to Table 18, it can be found that the results from the focus group conform to those from the case study and interview participants’ perception of the leaders declared leadership style, expectations of their leadership practice, the potential problems of the organization and the development direction of the leaders and organizations were all shown. For instance, the leadership styles of Mr. Mao (CMC), Mr. Shi (COAM), Mr. Wang (Beijing Easyhome) and Mr. Zhang (HaiDiLao) were highly praised and supported, and participants from these four firms believed the “ideal characteristics” were typified by their respective leaders, their leadership practices, being impressive and effective. The drawbacks of traditional bureaucratic and autocratic leadership were recognized as was the need for these to be changed.

The most common “ideal leadership characteristics” and “practices” mentioned by participants from the four firms were understanding the followers’ expectations and needs, frequent communication, motivation, empowerment, respect and trust. It should be noted that in Beijing Easyhome, the original leadership practice of Mr. Wang was highly praised. However with the rapid expansion and development, some employees especially branch managers noticed a decline in the frequency of communication throughout the whole organization, which could lead to potential problems and risks for the company as a whole. It was observed that any good leadership practice should be maintained and continuously improved, otherwise it could reduce the confidence of employees, and lead to potential problems.

According to the “focus group” data, it was evident that TongYun and the Spring Group were experiencing difficulties with their transformation process. Both the leaders and

participants from the two companies realized that currently there were leadership problems within the organization, and some changes were needed. As a family owned manufacturing firm, the father of the current leader used a traditional bureaucratic leadership system since the firm was started, most of the older employees were used to this leadership style, and they thought it was simple and effective, and did not want any change. However, the current leader Mr. Wu noticed the drawbacks of “bureaucratic leadership” and under pressure from the competitive environment, he attempted to change the leadership system in the firm. Brought in, therefore, some younger generations’ employees, who shared similar opinions to Mr. Wu, and they supported the change to more a democratic and positive leadership style. In this case, the conflict between the two generations and their respective opinions was very marked, and seriously hindered the transformation of leadership in the TongYun group.

A similar conflict also existed in the Spring Group: the founder of the firm Mr. Li preferred a bureaucratic and autocratic leadership style, whereas the general manager Mr. Jiang realized their disadvantages and the dissatisfaction of the followers. As a result, Mr. Jiang made changes to his own leadership approaches developing a more democratic and approachable leadership practice, paying attention to communication and motivation, etc. The response of participants from the Spring Group demonstrated that the efforts of Mr. Jiang was effective and welcomed by employees.

In conclusion, this sections focus on current leadership practice at an organizational level, saw interviewees agree that the currently Chinese leadership is “bureaucratic and hierarchical”. In interviews and focus groups, both leaders and employees recognized the drawbacks of bureaucratic leadership, including: autocratic power, blocking of two way communication, lack of motivation, declining work efficiency, and gradual loss of competitive advantages in the face of change. The consensus of opinions favored a people friendly, human orientated leadership style. In this case, most of the firms realized the importance of leadership transformation, and all of the six firms had applied transformation but in different stages. All of the interviewees agreed that traditional Chinese values were still deeply embedded in people’s minds and behavior. Also they agreed that the Western leadership theories had many advantages that should be utilized

by Chinese leaders. Although not all the interviewees were familiar with “transformational leadership”, most of the leaders were attracted by its innovative ideas. They recognized that Western leadership theories had many similarities and differences with transitional Chinese philosophies. Based on this, an appropriate combination of the advantages of Western and Chinese leadership philosophies was considered to be a sensible and practical approach. The research showed that even without a clear and easily applied framework, every firm had attempted different ways to achieve leadership transformation. Therefore, an easy to understand and easily applied leadership transformation framework are urgently required.

5.3 Exploring the new model of leadership transformation

5.3. (1) The requirement of leaders and the model

According to previous analysis of data, the need for a leadership transformation framework was investigated. By exploring a new model, interviewees provided their opinion concerning the requirements needed. They mentioned that leadership transformation starts with the requirements expected of the leader.

- Leaders need to be thoroughly prepared both physically and mentally;
- Transformation of leadership needs a leaders’ commitment to change, and willingness to start change from themselves;
- Leaders need to obligate and commit to transformation; leaders should understand the responsibility of their power;
- Alignment with the top leader or the leadership group, and then leaders on all level.

Besides the requirements of the leaders, interviewees also advised the model should fulfill the following requirements:

- The model should be simple and easy to understand;
- It should deliver the essential points of both Western and Chinese leadership philosophies;

- At the beginning of the transformation, the model should help to find the key employees to deploy the leadership transformation organizationally, in order to eliminate employees' fear of change.
- It should encourage people to apply self-consciously;
- With an easy start and demonstrate a clear path for transformation;
- To help leaders understand their responsibility of power;
- To motivate employees to contribute or support the leadership change;
- Actualize the concept of leadership transformation;
- Transformation steps have to be steady.

5.3. (2) The possible barriers of the model

Based on their own knowledge and experience, leaders from the six firms delivered their worries about the new model, as they analyzed any possible barriers including: not practical; the structure of the model is too complicated; the leaders and followers' attitude and willingness to change; communication channels are too open or unlocked; leaders misunderstand their responsibility towards power; speed of the transformation without enough preparation; affect leadership stability.

5.3. (3) The logic of the model: creating a continuously developing system

The requirements of the leaders showed that the model should start from a change in the leaders' attitude of mind, gradually effecting a change in their behavior, and then to lead the change of the whole organization. The requirements of the model focused on ease of understanding and application, effectively involving the employees' support of leadership transformation and of the organization. Based on these considerations and the initial framework of the model, the logic of this model should be:

1. The mind-set:
 - (1) Self-assessing (system thinking): what is the leader's role within the system;
 - (2) What is a leader's responsibility?
 - (3) What does power mean to a leader?

- (4) Leaders should firstly understand the need for change, and set it as a shared vision to enable every member in the organization to share in that knowledge at system level.
- 2. Evaluation of the system:
 - (1) Understanding the current situation of the system;
 - (2) What are the advantages and disadvantages?
 - (3) What is the most important problem, and where is the starting point of the transformation?
- 3. Improvement from area
 - (1) Understand that transformation cannot be achieved overnight;
 - (2) Transformation is a long-term, systematic approach, achieved step by step;
 - (3) Find out the appropriate employees and teams to support transformation;
 - (4) Gradually improve the transformation from individuals to department to organization.
- 4. Re-evaluation and Continuous development
 - (1) Re-evaluate the system to investigate any improvements and any new problems;
 - (2) Repeat the process from mind-set to achieve continuous development, thus a continuously developing system is created.

5.3. (4) A more robust model with detailed criteria

According to the analysis of primary data, the initial framework of the leadership transformation model essentially fulfilled the leaders' criteria for the new model. This model highlights the importance of leaders' "self-assessing" and understanding their responsibilities and the meaning of power. In addition, it aims to be easily understood; involves both Chinese and Western leadership theories; and includes many key points discussed in the data chapter, such as trust, communication and motivation, etc. Moreover, the design of this model tried to eliminate some possible barriers mentioned by the interviewees, regarding the structure of the model over complicated, leaders misunderstanding of their responsibilities and power, and rushing into transformation without enough preparation, etc. Furthermore, this model provides a more holistic view

of the relationships between the leadership and the organization systematic thinking.

Figure 6 The model of leadership transformation

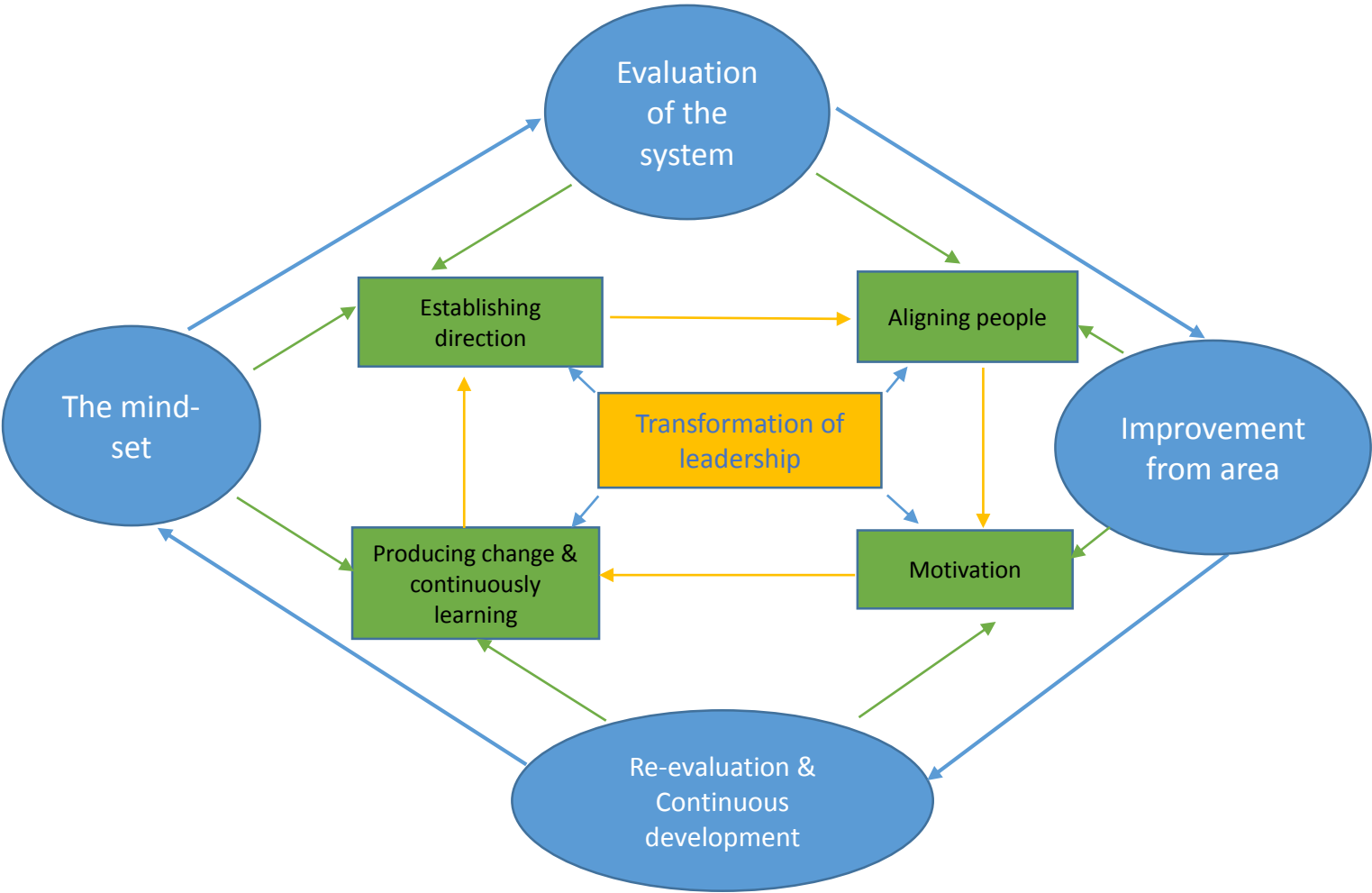


Table 19 Criteria based on the result of primary data analysis

The main steps	Criteria
1. Mind-set	Preparation of transformation
	Clarify and define the role of a leader within a system
	Understanding a leader's responsibilities and the meaning of power
2. Evaluation of the system	Establish shared mission and vision, arouse the willingness and support of followers and leader's group
3. Improvement from area	Pay attention to interpersonal relationships
	Communication at both vertical and horizontal level
	Building trust, avoiding autocratic and bureaucratic methods
	Applying appropriate motivation skills
	By empowerment, providing opportunities for the growth of followers
	Keeping the information flowing
4. Re-evaluation and continuous learning	Continuous development is fundamental in a rapidly changing environment
	Realize the importance of continuous learning

To make the model more robust further improvements need to be made. The overall framework of the model is based on “leadership transformation” with the long term aim of transform the whole organization, including mindset, evaluation of the system, improvement from area, re-evaluation and continuous development (Figure 6). During this process, four important steps of changing a leaders’ “behaviors” are provided, which include establishing direction, aligning people, motivation, producing change and continuously learning. Within each of the steps, different concepts and criteria (Table 19) need to be highlighted, combined with the results of data analysis, as outline in the following:

- Understanding the need for transformation: preparation of transformation;

- Understanding the organization as a system: clearly defining the role of the leader within a system;
- The importance of leadership ethics, issues associated with transformational leadership: understanding leaders' responsibilities and the meaning of power;
- Building commitment to shared mission and vision with followers: arouse the willingness and support of followers and leaders' group;
- Interpersonal relationships: leaders should not only focus on Guanxi outside the organization, but also pay attention to interpersonal relationships inside the organization;
- Communication: effective communication at both vertical and horizontal level, avoiding invalid communication;
- Trust: following the transitional Chinese philosophies to build up trust between leaders and followers, avoiding autocratic and bureaucratic methods;
- Motivation: understanding the different needs of each follower, and applying appropriate motivation skills, avoiding simple rewards and punishments;
- Empowerment: providing opportunities for the growth of the next generation of leaders;
- Information: keeping the information flowing, and always be ready for any challenges or risks;
- Knowledge and organizational learning: it is the foundation for continuous development in an ever changing environment;
- Organizational culture and learning organization: as both Chinese and Western scholars emphasized learning is a life long journey, every member within the organization should realize the importance of continuous learning, a learning organization will be dynamic, and win a leading position in competition.

6 Discussion

This research was based on the current state of Chinese leadership: the rapidly changing environment of the global market, and the urgent need for leadership transformation. The core of the research is through the comparison and contrast between ancient Chinese and Western leadership theories and practices to discover a modern leadership model for current Chinese business practice that will enable the transformation from traditional autocratic to transforming leadership. Fundamentally, the key research questions in this research including:

- ◆ Why would Chinese business leaders need to transform from autocratic leadership to transforming leadership style?
- ◆ What are the main problems of modern Chinese leadership systems?
- ◆ What is the essential elements of ancient Chinese leadership philosophies?
- ◆ What are the successful experiences of applying these ancient Chinese leadership philosophies?
- ◆ What are the characteristics of Western transformational leadership theory; why are they not suitable for current Chinese practice?
- ◆ What are the possible solutions to effectively combine ancient Chinese leadership philosophy and Western transformational leadership theory in order to provide the most robust leadership model for current Chinese business leaders?
- ◆ How to transform the traditional autocratic leadership to transforming leadership style by applying such a model?

During this research, these problems were gradually investigated.

China: the significant influence of ancient philosophies and the modern social background

China is widely regarded as one of the most ancient and sophisticated civilization in the human history (Fung, 1976, pp. 1-6; Ji, 2008, pp. 51-58; Kissinger 2012, pp. 1-7; Qiao, 2008, pp. 1-2; Yi, 2009, p. 1). During the 5000 years of Chinese civilization, there were

many great Chinese leadership philosophers and thinkers who had the countless experiences written extensively and studied the vast achieves of literature and historical example relating human society and social structures, amongst which leadership is the focus diligent (Li, 2008, pp. 1-4; Nancarrow, 2009, pp. 10-11). As a strong family orientated culture, many of the core precepts of Classic Chinese philosophy are passed down through the generations and are still influential in the mind and attitudes of the modern Chinese as well as general social contexts (Cao, 2008, pp. 1-8; Hou, 2009, p. 1). This “handing down” of traditional values within the Chinese family creates an intrinsic moral infrastructure that still significantly affects their everyday behaviour (Xiang, 2000, pp. III-V).

However, as a consequence of nearly a 100 years of political instability and many years of civil War, most of the ancient Chinese leadership philosophy and texts were forgotten discarded or misunderstood by the modern education system. Especially during the period of the Cultural Revolution, many young people abandoned the classroom due to the “Sending Down” policy. Millions of young people in the 60s lost their opportunity for education both from the Chinese Classics and modern Western texts (Vogel, 2012, pp.175-178). Nevertheless Mao is still arguably the world’s most influential leader in the 20th century. His lifelong controversial leadership practice has left an indelible mark on the modern Chinese history, especially the generation who grew up during the Cultural Revolution (Feng and Yuan, 2008, pp.1-29). There are many distinctive characteristics which mark the generation, caused by the impact of Mao’s ideology and leadership practices (Liang, 2012, pp. 22-28). And most importantly, most of the current Chinese leaders are from that generation, including the current Chairman Xi Jinping (Liang, 2012, pp. 72-104).

The problems of current Chinese leadership (why the Chinese leaders need change?)

China as one of the world’s fastest growing and second largest economy (the first being the USA) has a rapidly growing need to enhance its competitiveness and adaptability

in many areas including social, political, economic and business systems (Lau, Zhao and Xiao, 2004). Since the internet boom, businesses are increasingly internationally operated. As the largest supplier to the global market in the forefront of globalization, Chinese businesses are facing a much stronger challenge, from international firms globally, than ever before (Liang, 2009, pp.35-47).

The current increasing value of the RMB (Chinese currency) in the global monetary market and the trading restrictions and pressure from the WTO has caused a sharp decrease in demand for Chinese labour-orientated outputs. As claimed by many authors (Liu, 2007; Zhang, 2000), China is gradually losing its global advantages, Chinese firms need to shift from labour and quantity orientated goods to innovative quality products.

On the other hand, facing the increasing threat of competition from international corporate giants moving into and seizing the expanding Chinese domestic market, these dramatic changes forced Chinese firms to focus more on quality issues (Conti, 2007; Gosen, Babbar and Prasad, 2005; Lau, Zhao and Xiao, 2004). It is a quality orientated transformation that is waiting to be accomplished (Gosen, Babbar and Prasad, 2005; Noronha, 2002). The experience from many years of intense competition between international businesses in the global market, Western management science is a well-researched and practiced topic which has grown and evolved in this rigorous environment and is consequently very well developed.

With leadership being the core component and enabler of modern management science it has attracted the interest and attention of both academics and practitioners, many lessons have been learned from both its history and concepts including political and social sciences and multi-disciplinary approaches (Bass and Bass, 2008, pp. 3-26). Consequently, as Deng Xiaoping emphasized in the beginning of the economy reform in 1978, “we have to learn from the West, from the experts and from the people who

really understand” (Kissinger, 2012, p393). Particularly in terms of the China, as a single party ruled bureaucratic hierarchy government, the matter of leadership is rather significant (Kissinger, 2012, pp. 412-414). Since China joined the WTO in 2001, there is an imperative need and growing demand for Chinese business leadership development and transformation (Anonymous, 2009).

The essence of ancient Chinese leadership philosophies

By understanding the current situation of Chinese leadership, the literature review chapter reviewed the six most important schools, beginning with I Ching which is the foundation of ancient Chinese philosophy. In the history of China, the three most influential philosophical schools: Confucianism, Taoism, and Buddhism provided the main leadership concepts. Confucianism as the most engaged political principle throughout history is considered the fundamental basis of Chinese leadership philosophy.

Confucius emphasised that the leader must love his or her followers, and collaborate with them in a shared mission and vision. The Leader needs to frequently self-assess and communicate with followers to make sure that followers agree with and support his leadership. The leader needs appoint and empower the followers with appropriate capabilities according to the nature of the task or position, and coach the followers who are relatively weaker than the others. Most importantly, building a harmonized interdependent relationship between leaders and followers is essential. Leaders should gain the trust of their followers through moral obligations (Cao, 2008, pp.31-33). During the period of crisis in which Confucius was living, he stressed that people within the system should respect the hierarchy, trusting their leaders as a moral obligation. This statement emphasizes how fundamental the system of hierarchy is to Confucian thought and is the foundation of the Chinese social system.

Mencius improved Confucianism in some aspects. Firstly, he pointed out that leader should recognise followers' capabilities and empower the followers accordingly, and also needs to understand their needs and requirements sharing mission and vision with them collectively. He further suggested that leaders should go through hardships and tribulations themselves and prepare to face any possible challenges imposed by the ever-changing environment (Cao, 2008, pp. 62-64; Hou, 2009, pp. 20-22).

Xun Tzu reaffirmed the importance of respect for the system of hierarchy, but he also realised that empowerment is the essential initiative for successful leadership practice, especially to empower and engage the elite group (the people with the appropriate capability and talent) (Xun Zi, 2003, pp1-14). In this case, the order of a system would be maintained according to common law and moral obligation (ceremony and ritual), and appropriate punishments and rewards could be deployed as a supplementary method to reinforce the moral obligation of followers (Jiang, 2010, pp. 43-45; Xun, 2003, pp1-14).

Throughout the history of civilization in China, Taoism was regarded as the second most influential and fundamental philosophy as well as the major supplementary to Confucianism. It is widely noted (Jiang, 2010, p. 141; Yi, 2009, pp. 104-110) that Taoism is a profound universal philosophy that emphasised the importance of individual development cultivating attitudes in harmony with the natural world in its widest sense, whereas Confucianism is a systematic philosophy that stressed the holistic development of a country or organization with a hierarchical system based on mutual respect. Therefore, many Confucian leaders and scholars in history engaged Taoist philosophy as a personal development approach to develop their social behaviour thus supplementary to their Confucian practices (Hou, 2009, pp. 134-150).

In contrast with Confucianism's humanism, Taoism emphasised following the flow of nature. Lao Tzu advised that guiding people's desire is the base to ensure the stability of a social system, leaders should appreciate and follow the natural cycle of the system rather than break or disturb the rules by force (Cao, 2008, pp. 111-114). In terms of leadership practices, a leader should pay great attention the fairness and balance of a system. When a leader faces a challenge from followers, he or she should avoid direct confrontation and engage appropriate strategies that are mutually beneficial to resolve the situation accordingly (Jiang, 2010, pp. 27-30). Leaders should not utilize oppressive methods in leadership practice, because all actions attract reactions and in this case dissatisfaction and drastic reaction of the followers (Cao, 2008, pp. 111-114; Chan, 1963, pp. 136-176; Jiang, 2010, pp. 27-30; Norden, 2011, pp.122-139; Wen, 2012, pp. 38-42).

The famous successor of Lao Tzu, Chuang Tzu agreed with Lao Tzu's opinion of appreciating and following the natural flow of the system. In addition, he thought that encouragement and empowerment of elite people could significantly transform the performance of the overall system. Facing the challenge of the ever-changing environment, leaders should ensure the validity of order and regulation at all levels of the system and engage appropriate leadership strategies to accomplish the shared vision and mission (Cao, 2008, pp. 115-117; Jiang, 2010, pp. 34-36; Norden, 2011, pp. 142-161; Wen, 2012, pp. 48-52).

Buddhism as a well-established religion, has been spread and localized in China since the Han dynasty. Zen Buddhism in a uniquely Chinese form of Buddhism which grew and flourished in the ground of Taoism by which it is a strongly influenced. Created by several unnamed top monks from the Tang Dynasty it is the only domestic stream of Buddhism (Cao, 2008, pp. 194-213). The influence of Zen Buddhism in the Chinese people's moral world cannot be ignored. In the leadership field, its thoughts are also highly valuable, such as being generous, thinking systematically, understanding the

followers' needs and expectations, treating people equally and with respect, and the continuous development of oneself (Jiang, 2010, pp. 162-164). Within Buddhist families, many of these concepts are a natural part of domestic family life and traditional values and have a great impact on many people's attitude and behaviour (Cao, 2008, pp. 194-213; Chan, 1963, pp. 370-395; Jiang, 2010, pp. 162-164).

The three ancient schools dealing with the strategic aspects of leaders: Mohism, Legalism and Militarism were also reviewed as the important supplementary schools of thought in ancient Chinese leadership philosophy. Although Legalism appeared later than the other three schools, it significantly changed the path of Chinese history, to the present day, and "rule by the law" and "rule of the law" are still the basic principles and policies of the Chinese government (Jiang, 2010, pp. 52-56). Meanwhile, the philosophy of Legalism is also widely applied in business leadership, such as setting clear rules of punishments and rewards as an expression of leadership recognition is believed to be a useful way to motivate followers (Hou, 2009, pp. 68-70). Han Feizi, the founder of Legalism emphasised three significant leadership principles namely, ruling by law, using strategies to motivate followers, and centralising power (Fung, 1976, pp. 155-160). He supported and validated the hierarchy system and centralizing leadership power. The potential side effect of this could alienate and frustrate followers. As a result, further developments of Legalism realised the importance of satisfying followers' interests in order to harmonize and stabilize the overall system (Fung, 1976, pp. 155-165).

Mohism was the first opponent of Confucianism. Mohism required fairness and universal love between leaders and followers, which was very difficult to achieve in ancient China's bureaucratic and hierarchical political system. After 2000 years, scholars and academic pioneers in late Qing dynasty (1644-1911AD) reviewed Mohism, because during this period, Chinese people began to assimilate Western thoughts and were influenced by the idea of democracy, which has many similarities with Mohism

(Jiang, 2010, pp.30-31). The core concepts of universal love, engaging the elite, fairness, and avoiding extravagance are still influencing modern Chinese leadership philosophy.

Sun Tzu author of *Militarism*, which not only presented the now internationally known book “*Art of the War*” strategies in military terms, but also demonstrated the wisdom of self-assessing, system thinking, transforming to follow the ever-changing environment, and understanding the importance of psychology. Consequently, Sun Tzu’s philosophy and strategies have been an ever present inheritance of the Chinese people generation after generation (Brahm, 2004, pp. 59-66; Wen, 2012, pp.62-66).

Each of the schools has unique opinions and understandings of leadership, however they have many similar ideas, namely trust, collectivism, shared mission and vision, empowerment, understanding followers’ needs, communication, learning, motivation (punishment and reward), psychology, engagement strategies and holistic thinking of a system, etc. By reviewing these schools of thoughts, author could not only understand the philosophical, social and moral obligations for the current Chinese society, but also gain the knowledge of the modern Chinese leadership infrastructure from a historical prospect. Thus provide a rich picture and range of Chinese leadership development from the ancient to the modern world. Moreover, a valuable found was that there are many similarities between modern Western leadership and ancient Chinese philosophies, which was discussed in the later stage.

Chairman Mao and Deng Xiaoping: successful experience of combine ancient Chinese philosophies with Western theories

As two of the most important leaders in modern Chinese history, Chairman Mao led China to the era of the republic, whereas Deng Xiaoping led China to the era of rapid economic development. Both of them combined ancient Chinese philosophies with

advanced Western theories, and their leadership concepts constructed the background to the current leadership situation. The common features and concepts of their leadership include:

1. **Dialectical materialism.** Dialectic is an ancient Greek word favoured by Plato in the Socratic dialogue. It was regarded as the one of the most significant ways of seeking the truth by understanding “objects” from different aspects (Zhang and Ou, 2000, pp. 14-34). As claimed by Mao (1991, pp. 299-337), all the Chinese Communist party leaders should be dialectical minded. Dialectical materialism is the essential concept of Marxist-Leninist ideology. Both Mao and Deng were the faithful disciples of dialectical materialism. It is a method of reasoning seeks to resolve two differing views of the same thing. Dialectical materialism became an essential principle for both Mao and Deng in their leadership practices. For instance, the initiative of the “Cultural Revolution” is the result of Mao’s debate of what are the true needs of the Chinese people, Communist ideology or Materialism. Whereas, Deng’s reason for launching the “Economy Reform” is the result of discovering the most suitable path to enable the Chinese people to achieve Socialism, and thus have enough ability to bring Communist ideology to life. Therefore, at the philosophical level, both Mao and Deng are respectable “dialectical materialism” practitioners.
2. **Understanding the system and system thinking.** During their leadership experience, both Mao and Deng emphasized the importance of understanding the holistic picture of the country. As claimed by Mao (1991, p. 109-118), “leaders of the government at every level have to understand the holistic picture of the revolution. It will provide a detailed picture of their own contribution towards the overall goal of the central committee”. This is coincidentally comparable to “the Understanding of the System” in “System of Profound Knowledge” introduced by Dr Deming (2000b, p. 95-98). The risks and uncertainty of revolutionary political life and the regarding experience of being dismissed three times provided Deng the opportunity for gathering an holistic picture of Chinese society from many different angles. It was not only the holistic picture of the country but also the most fundamental and inherent needs of the people, which is the treasured truth of the Chinese revolution since the late 19th century. Such understanding enabled Deng to

have the determination to initiate the Economy Revolution in 1978. Therefore, despite their choice of political approaches, both Mao and Deng's leadership experience sent a strong signal on the importance of holistic understanding of a system at every level which is crucial for any leadership. The new chairman of China Xi Jinping also claimed the importance of system thinking by using the classic story of blind man touching different parts of an elephant "The blind men who felt the leg believed it was a pillar, the blind man who felt the back believed it was a wall. None reached the truth because all of them failed to feel the whole elephant and get the whole picture" (Kuhn, 2011, p. xxvii).

3. **Transformation.** Both Mao and Deng have emphasized the importance of transformation. As Mao (1991, pp. 299-304) claimed the only constant in the universe is change, however, there are two sides to this, we can manage change through transformation. Deng had a similar idea about transformation, as recorded by Kissinger (2011, p. 442), "(continuous) development is the absolute principle". The importance of transformation has been built into Chinese political leadership thought, as the new president Li Yuanchao noted "of course, the world keeps changing" "we have a metaphor in Chinese that the world is like the clouds in the sky, always changing" (Kuhn, 2011, xxi). In fact both Mao and Deng's life were a continuous transformation process, being in the late 19th century with political reform and the end of the feudal Dynasty, they both went through the wars and revolutions (Second World War, Domestic War and the Liberation War), and devoted their lives to the continuous reform of modern China. Not only their own life was full of transformation, but also leading Chinese people through countless transformations in last 100 years. As the ancient Chinese phrase emphasized, "life is like sailing in a rushing stream, either keep forward or lost behind." The story of the two greatest men in modern Chinese history demonstrates to future leaders that continuous transformation is the most effective approach towards the constancy of change.

The advanced Western leadership theories

In the literature review of Western leadership theories, transformational leadership theory stood out as the most balanced and holistic. Western leadership has a long historical development from the ancient Greek (Bryman, et al., 2011, pp. 3-14). Many great philosophers, namely Socrates, Plato, Aristotle etc., mentioned leadership in their thinking (Bryman et al., 2011, pp. 4-6). These profound leadership thinking enforced many great influences to Western modern leadership academics and practitioners in the Western history. The research of Western modern leadership has boomed by with the need of the Western Industrial Revolutions since the mid-18th century (Bryman, et al., 2011, p. 8). The “Great man” theory was considered as the core concept of the old leadership philosophy, and it was the fundamental cornerstone of the modern leadership research (Haslam, Reicher and Platow, 2011, p. 2-3). Especially in the third Industrial Revolution and during the World Wars I & II, leadership as a social science caught a great attention from varies sectors of the Western public. The importance of leadership is recognized by different size of organizations in varies sectors, and it was rapidly researched, studied and developed by both academics and practitioners (Bass, 1990, p. 20). After the Second World War, due to the demands of economic recovery and development in Europe and the US, there were many business management scientists who intensively developed organizational leadership theories and frameworks to fulfil the transformation needs of various organizations (Bryman, et al., 2011, p. 9), and Deming was one of them (Bass and Bass, 2008, p. 627). As quoted by both Western and Eastern authors (Dubrin, 2007, pp. xxv-xxvi; Li, 2008, pp. 1-3; Kawatta, 2011, PP.6-9), the modern Western leadership framework is a much more scientifically structured way of leading people. It indicates that leaders and leadership are not born but can be developed through practice (Covey, 2004a, pp. 97-99). There are many robust leadership theories and practices that have been developed by academics, practitioners and management scientists (Boaden, 2006). Western leadership theories provide a substantial contribution to the development of human organizational behaviour (Nohria and Khurana, 2010, pp. 119-157). Leaders of Organizations whether social, economic, political or and business not only recognized the scientific importance of leadership philosophy as an advanced social concept, but also the effectiveness of

leadership practices within the context of the rapid growth of globalization (Gill, 2006, pp.36-62; Tang, 2008, pp.1-21).

Transformational leadership

In fact, numerous theories of leadership have been created by Western leadership science, each of them try to define and understand leadership from different aspects. In this research, some of the most representative theories were selected to be compared with the key concepts of ancient Chinese philosophies, namely trait theory, behavioural theory, contingency theory, transactional leadership, transformational leadership, authentic leadership and servant leadership.

The result shows that transformational leadership shares a number of similar concepts with ancient Chinese philosophy. In addition, as the main ancient Chinese philosophies have very moral aspects (e.g. Confucianism, Taoism and Buddhism), servant leadership also exhibits a great commonality with Chinese philosophies. Because ancient Chinese philosophies and transformational leadership have many similarities, and transformational leadership is a theory which is ideally suited to the challenge of rapid change. In the literature review a detailed review of the key processes to achieve transformational leadership was analysed. Meanwhile, servant leadership as an important complement of transformational leadership and provides the pre-requisite leadership ethics was also discussed in the transforming process.

Kotter (1990) emphasised in his book: *A Force for Change*, along with many other pioneer scholars in leadership and management science, the whole transforming process is establishing direction, aligning people, motivating and producing change. Establishing direction involves: understanding the need of transformation, understanding organisation as a system, the importance of ethics in transformational leadership, and commitment of shared mission and vision. Aligning people focuses on interpersonal relationships, trust and communication. Motivating mainly involves the

way to motivate people based on the understanding of Maslow's needs-hierarchy, and the appropriate understanding of power and empowerment. At the stage of producing change, the key elements include information; leadership, knowledge and organisational learning; the learning organisation and organisational culture. The "the system of profound knowledge" and PDCA cycle from Dr Deming (2000b, pp.92-115) not only shared comparable concept with transformational leadership but also provide a sound philosophical supplement to the leadership transformation process. As discussed in the literature review, it can be found that the transformational leadership theories combining with the servant leadership theory provided a substantial practical and philosophical infrastructure for achieving the current Chinese leadership transformation.

The possible solutions to effectively combine ancient Chinese leadership philosophy and Western transformational leadership theory: The new model

By summarizing the essential concepts of ancient Chinese leadership philosophies, and comparing them with some representative Western leadership theories, it was evident that ancient Chinese leadership philosophies have a great deal in common with transformational leadership and servant leadership theory. In other words, it demonstrated that advanced Western leadership theories do not grow in a totally different soil, the similar understanding of leadership by both parties provided the basis and possibility of successfully applying transformational leadership in China.

As it was realised at the beginning of the research, into the leadership development in China, some easily understood and preformed models or frameworks are urgently required. Based on the findings of the literature review, the initial idea of the new model was presented. In order to achieve the transformation of the current autocratic leadership in China to transformational leadership, there are four main steps in the model: mind-setting, evaluation of the system, improvement from area, and re-evaluating and continuous development.

Mind-setting is the pre-requisite of the whole transformation, leaders should self-assess and understand the responsibilities of a leader and what a leader means as part of the system. Evaluating the system means that leaders should understand the organisation as a system, find out the problems and understand why the organisation needs to be changed. With the proper mind-setting and evaluation of the system, the direction of the organisation can be established.

After evaluating the system, leaders need to perform improvement from area, during this process leaders need to concentrate on how to align people, e.g. building communication and trust. When area improvement has been achieved, leaders should re-evaluate the system and follow the previous three steps in regular cycles to gain continuous development. During this process, motivation of followers is very significant, especially appropriate empowerment. In the process of re-evaluation and further mind-setting, change will happen, and the organisation will transform to a “learning organisation”. During the process of leadership transformation, organisational transformation can be gradually achieved, to make organisation be more dynamic and able to win the challenges produced by the ever changing environment.

How to transform the traditional autocratic leadership style to a transforming leadership style by applying such a model?

As mentioned in the literature review, it is evident that the 2000 years of feudalism, emperorship and the Communist single party government made modern China a bureaucratic system both socially and politically. Especially during the last 60 years of Communist government, autocratic leadership was common to all sectors in modern Chinese society especially organizations owned by the government.

However, the forces of globalization and rising competition from the domestic private firms necessitate the need to transform the quality of leadership thus improving the competitiveness of Chinese business in general. Nevertheless, finding the appropriate

leadership style that suits the current Chinese situation has been a controversial issue for more than a decade. Many have argued (Agarwal and Wu, 2004; Gerzon, 2007; Wang, 2010) that modern Western leadership provides an effective compass and conversely contended that the high failure rate when engaging Western practice indicates that ancient Chinese leadership philosophy could provide the solution (Hou, 2009; Qiao, 2008). All in all, obviously there is an urgent need for Chinese business leaders to transform the current autocratic leadership style.

The appropriate choice of leadership style still remains uncertain. Finding a style that retained the best of both Western and Chinese approaches is the priority of this research. Through reviewing the related leadership literatures both in Chinese and English, it can be found that transformational leadership has much in common with ancient Chinese leadership beliefs. In addition, authentic and servant leadership also shared many common attitudes with the traditional value and moral aspects of leadership. Consequently, in the later part of the primary research, it was evident that transformational leadership could provide a comprehensive solution due to its human-orientated systematic thinking.

It also became evident that when engaging both modern Western leadership methods and ancient Chinese leadership philosophy, many transformation failures are strongly associated with the understanding and evaluation of the problem and situation rather than the choice of leadership style. In other words, “direct copy and paste” without a thorough understanding of the leadership problem was the essential reason for the current high failure rate.

As mentioned above, the solution for leadership transformation is a simple model combining transformational leadership theory and traditional Chinese values, which could enable current Chinese business leaders to understand their organization systematically and transforming their leadership style according to the needs of the overall organization as a working system.

During the primary research, many organization leaders and leadership scholars were

involved with the data collection. The six selected businesses included seven business leaders from different backgrounds who contributed their experience and understanding of the current leadership practice in China. At this stage, the original model that was created based on the literature review was improved, making it more practical and realistic by highlighting the concepts and criteria of each transforming step. The many practical issues arising from the case studies and the observations, opinions and experience of the interviewees have been analysed. This provided a much clearer picture and substantial indication of what is really and actually needed by the current Chinese business leadership in the real world.

Combining the results of the data analysis, several significant points were highlighted. Most of the interviewees recognised that successful leaders must learn to view their organization holistically and systematically right from the beginning. The earlier they start, the better the result would be. Secondly, leaders have to view their organization as a working system. The important role of a leader is to balance and harmonize the different mechanisms of the system in order to support ensure optimum working order. The art of leadership is to maintain this order through persistent observation and appropriate adjustments. Appreciation of the significance of the human resource is crucial. As emphasised by most interviewees, using appropriate motivation skills can significantly increase productivity by encouraging individual creativity and intelligence input. Motivation is the most important skill that any modern business leader has to learn. Furthermore, as most of the interviewees claimed that there is a need for a transformational model that would help and guide business leaders at the start of their leadership improvement journey without hurry to spend too much time wrestling with different leadership theories. In other words, a simple and easy to understand model that contains the best of both modern Western and ancient Chinese ideas is urgently needed. Such a model would not only provide an easy start to their leadership transformation but also enable leaders to view and transform their organization holistically and systematically.

As mentioned above, the aim of this research is to identify the appropriate leadership style and theories in order to create a suitable model of leadership transformation for

Chinese business leaders. Since the purpose of this leadership model is to provide a clear reliable start, it has to be easy to understand and simple to apply. The comprehensive literature review encompassing ancient Chinese and modern Western leadership theories identified those theories which share a common basis, and their common core leadership values, namely, system thinking, holistic views, continuous development, human orientated, shared mission and vision, importance of motivation etc.

It was also apparent that there was no transformation model which addressed or suited the current need for Chinese leadership transformation. The literature review exposed this “knowledge gap” and consequent need for the proposed model. The discovery of the key requirements including easy to understand, simple to apply and systematic, continuous and sustainable, led to the creation of this model at a theoretical level.

In the primary research stage, data collection and data analysis was carried out, in order to identify the current needs in the “real world”, and explore the suitability of the model in the context of actual practice. It was evident that in reality there is an actual and real demand from current Chinese business leaders at all levels to develop and transform their current leadership practice. Many of them had already carried out partial leadership transformation. However, imprecise and ill-defined leadership theories together with the absence of a simple and easily understood model was the cause of many failures and much frustration.

Through decades of leadership practice, many practical criteria for such a model have been identified, namely, systematic and holistic mind-setting for the leadership group or individual, involvement of each group of people, shared vision and mission etc. Consequently, a simple to apply and easily understood model that contains these key criteria is required suitable for the current situation. The approach and design of the model has been based on the opinions and observations from the business leaders participated in the six case studies.

At this stage of the research, the current need for business leadership transformation has been recognized and acknowledged from both the available literature and the practitioners' point of view. Despite the names of the theories and philosophy in the West or China, many core values and principles have been identified. In fact, it is evident that modern Western scholars and ancient Chinese philosophers share a great deal in common in many aspects of leadership, especially leadership transformation and the moral obligations such as servant leadership. Consequently, a leadership transformation model has been created that not only suits the current Chinese needs but also fills the knowledge gap combining the core values from both worlds. The discovery of the shared essential elements lead to the creation of this theoretical model.

Through the observations and opinions of the business leaders who participated in the six case studies, the approach and the process of the leadership transformation model have been identified.

The process of transformation should constantly transform the overall organization, thus a continuously transforming working system is created. This cyclical transformation claimed at continuous improvements will help different members to see themselves and the organization as an organic working system.

The improvement and creation of more robust model meant the transformation process would involve the process of mindset, evaluation of the system, improvement from area, re-evaluation and continuous development. During this transformation process, there are four important steps created to continuously transform a leaders' behavior and attitudes, which include establishing direction, aligning people, motivation, producing change and continuously learning. Within each of the steps, there are 12 different sequential footsteps and criteria need to be noted from the results of data analysis.

Initially and most importantly for the process of mind setting, the leader needs to understand the need for transformation and proactively prepare for the transformation.

Secondly, understanding the organization as a holistic system should enable the leader

to clarify his or her role within a system and as the most influential part of the system. Through systematic understanding of the organization, leaders should fundamentally and realize that the benefit of the system is the most significant value for the organization. Therefore, from the holistic and systematic point of view, being an ethical leader with a moral obligation to the members of the organization seems to be the most obvious and again fundamental aspect way of effective leadership practice. Any self-interests that do not contribute to the overall benefit of the system will be counter-productive and dismissed by the system in the long term.

Consequently the third criteria emphasizes the importance of leadership ethics associated with transformational leadership. With an understanding of “system thinking”, leaders should be able to achieve a thorough understanding of their moral obligations as a leader. Therefore, the understanding of their responsibilities and the significance and meaning of power, as a leader, should be transformed from dictatorial power to moral obligation. The benefits of ethical leadership are not just understanding the moral obligation from a system point of view, but also to stimulate all followers by working collectively, for the overall benefit of the organization.

After the transformation of leadership “mind setting”. Aligning with all members of the organization becomes the next priority. From a system perspective, building commitment to a shared mission and vision with followers is the starting point of this stage. In other words, to arouse and promote the willingness and support of followers and especially the agreement of the leadership group is crucial.

Furthermore, during the process of aligning all levels of followers, understanding the significance of interpersonal relationships is essential. Especially in the Chinese society, interpersonal relationship namely “Guanxi” is widely regarded as the most important concept in business. As many Chinese leadership scholars (Liu, 2013, pp. 116-126; Qiao, 2010, pp. 94-95) claimed that leaders should not only focus on Guanxi outside the organization, but also pay attention to interpersonal relationships inside the organization. Many (Information for Decider Magazine Press, 2009, pp. 3-33; Meng, 2009, pp. 145-186) have also emphasized that followers within the organization are the

most valuable assets for any modern business. They have to work collectively to optimize their productivity and creativity.

It is widely argued that communication is the most significant method for creating substantial interrelationship (Covey, 1992, pp. 109-118; Deming, 2000a & b). In detail, within an organization, frequent and effective communication at both vertical and horizontal levels are needed. Followers need to be motivated to “voice up” their true views of their organization. Any barriers to the “voice” of the follower should be eliminated to avoid any invalid communication. However, it is not simple to gain genuine feeling from any individual, a strong and trusting relationship is the key prerequisite for any true opinion.

Additionally, as Covey and Merrill (2006, pp. 8-16) emphasized that people need to drive out fear, a mutually trusting relationship needs to be built through communication, engagement and collaboration. Similarly, Confucius (Yu, 2008, pp. 63-78) also stressed that the optimum way was to build up trust between leaders and followers is an effective prerequisite of any collaborating relationship. Confucius also claimed that the true followership only comes with mutual trust, respect and moral obligation (Cao, 2007, pp. 84-115). In other words, as claimed by Adair (2009, pp. 172-193) people need to be understood and motivated through psychological inspiration.

Likewise, motivation as a psychological skill is required for any leadership transformation. In other words, leaders are required to understand the different needs of each follower, and apply the appropriate motivation skills. Confucius (Wen, 2012, pp. 22-23) emphasized that any simple (material) punishments and rewards will not earn people’s heart. Psychological motivation is much more powerful than anything a material incentive can deliver and the influence is more likely to last in long term.

Through a systematical understanding of the meaning of trust and motivation, appropriate empowerment is a fundamental criteria for leadership transformation. With the condition of mutual trust between the leader and the followers, empowerment not only unleashes the vast potential of followers but also provides the opportunity to

strengthen that trust with all levels of the organization (Bass and Bass, 2008, pp. 306-307). In the long-term, empowerment could potentially provide opportunities for the growth of the next generation of leaders as well as the key workers in all levels of the organization (Buch and Rivers, 2001).

It is widely noted that information is the essential food for the development of any organization in 21st century. One of the key criteria for leadership transformation to keep the information flowing within the organization. In other words, open channels for the flow of information are like the blood vessels that keep the organization fed as an organic system. The smooth flow of information enables all levels of the organization to understand each other more comprehensively. Better understanding promotes stronger collaboration and better preparation for any challenges or risks (Meadows, 2009, pp. 156-157). On the other hand, although information provides signals for changes from both inside and outside the organization, it is knowledge that generates and delivers leadership and organizational transformation. Therefore, transforming information into knowledge became the last criteria for this leadership transformation model.

As mentioned above, knowledge is regarded as the nourishment for any organizations' development and transformation. It is also the material for any organizational learning. The transformation is the result of a learning process. Learning is the foundation for continuous development and transformation in an ever changing environment (Morgan and Liker, 2006, pp. 203-215). A learning organization is a healthy working system that can cope with different challenges systematically through continuous organizational transformation. Leaders in this case, plays the role of the diver of the system. Therefore, the creation of a transformational organizational culture and a learning organization became the final purpose of the leadership transformation.

Finally, as both Chinese and Western scholars emphasized (Deming, 2000b; Hou, 2009, pp. 98-103) that learning is a life long journey, every member within the organization should realize the importance of continuous learning, the transformation only happens through constant and continuous learning. A learning organization will be a dynamic,

transformational and robust working system that can cope with the ever changing environment.

Contribution to knowledge and academic world

As mentioned in introduction (Chapter 1.4), in the current literature of leadership, especially transformational leadership, the in-depth discussion and research that focus on Asia and based on Chinese business are extremely limited. This research provided a thorough discussion about the linkage between the current situation of Chinese leadership and the Western leadership theory of transformational leadership. Concretely, the contribution of this research to knowledge and academic world includes:

- ◆ The comparison and contrast of the essential concepts of ancient Chinese philosophies with seven important Western leadership theories thus finding the key ingredients of modern leadership theory;
- ◆ Investigating the key ingredients that are fundamentally shared by both; theoretically providing a potential model that combines both Chinese leadership philosophy and Western leadership theory;
- ◆ Through primary research of leaders from different firms to analyse the current situation of Chinese leadership systems, and discover the required criteria for leadership transformation;
- ◆ Creating and evaluating a suitable and understandable model (working system) to modern Chinese leaders through combining Chinese leadership philosophy and Western leadership theory from both theoretical and practical aspects;

These findings can be applied to both Chinese and Western leadership studies as well as the practice of business world.

7 Experts opinion and further improvement

7.1 Expert opinion of Liu Bingxiang

7.1. (1) Introduction of the expert

Professor Liu Bingxing teaches at the Party School of the Central Committee of C. P. C. She is the deputy secretary-general of the China Institute for Leadership Science, and the director of the academic department. She has worked in Party School of the Central Committee of C.P.C. since 1988, she has published more than one hundred articles in academic journals and over 20 books in the leadership field. As a pioneer of leadership research and education in China, Professor Liu would provide academic and professional opinion and advices regarding the new model based on her knowledge and experience.

7.1. (2) The first expression of the model and the opinion of the logic of the model

After an overview of the model, Professor Liu examined the background, aim and criteria of the model, etc., and was quite impressed by its logic and ideas. Professor Liu went on to reveal she had just finished editing her new book: *New Viewpoints of Leadership* (Liu, 2013). The book collected the latest research results and views of leadership in China, analyzing leadership by following the logic of: improving the leaders themselves to lead the organization; applying appropriate leadership skills in different situation; paying attention to the whole leadership process to ensure effective results; analysis of performance appraisal in order to achieve continuous improvement. During the discussion, she agreed that this logic still mainly focused on the theory of transactional leadership, combining some concepts of trait theory and contingency theory. She thought that compared with the new model although there were many

similar concepts to those involved in her book which utilized a linear logic, rather than a cyclical and systematic logic.

7.1. (3) Evaluating the model at theoretical level

She explained that there are many different dimensions of leadership research, but the most significant way involved three parts: leader, leadership environment and leadership process. “Leader” always focused on leaders’ thoughts, psychology, accomplishment and emotional quotient. “Leadership environment” mainly focused on political environment, social environment, historical environment, and interpersonal relationships. “Leadership process” included the concepts of decision making, empowerment, communication, motivation, information flow, risk management and performance appraisal etc. She added that it may be easy to understand each of the three parts, but it is difficult to build logical connections and bridges.

7.1. (4) Evaluating the model in practice

In the new model, Professor Liu said she saw a different way of understanding leadership, being not simply about the leaders, or the leading environment and process, but the whole system. The model does not only show what the leaders’ work is, but also the meaning of being a leader, or in the other words the role of a leader in a system. Professor Liu explained that at present Chinese scholars still focus on how to use quick and effective methods to improve the function of leaders. They try to summarize and list the skills and capabilities that a successful leader should have, however the result was not as good as expected.

Her conclusions were that political, social and historical factors had greatly affected Chinese leaders’ understanding of their role and the power they were given. Most leaders still used their positional power to rule followers, and always consider their own benefits before the benefits of the whole system. They only have short term shared missions rather than long term shared missions. In addition, in China, leadership as an

individual subject and science is still in its initial stage, people still mix the definition and functions of leadership with management, and most leaders do not have a leadership education background. As a result, most Chinese leaders prefer leading by using performance management skills, because it seems effective and works quickly. However, they do not realize their most important role should be influencing people, and should like glue stick each individual together to achieve the shared mission and vision. This model provided a very new point of view. Leaders can never be separated from the system or higher than the system; it is the system that gives the leader power, therefore leaders should contribute to the system; when the system improves continuously, the meaning of “leader” is achieved. In other words, the benefits for the leader and the system, and each individual in the system is closely linked to each other.

7.1. (5) Possible barriers and problems and suggestions for further improvement of the model

Besides the advantages of this new model, Professor Liu also talked about her concerns with this model. Firstly, in her opinion, applying this model could be time consuming, and many Chinese leaders pursue quick-acting methods with quick results. Transformation of a leader and the whole organization cannot be achieved overnight, therefore it is always a very real concern of how to keep the leaders and followers' confident when they face any possible barriers and problems during the transformation process. Secondly, associated with the first problem, Professor Liu pointed out that understanding risk and how to deal with it should be an important supplement of the model, because it can happen at any time, therefore leaders should be aware of any possible risk, and be ready to deal with it again, especially in transformation phases and transformation.

She concluded that the new model is very innovative and provided a new dimension of leadership understanding, and suggested the need for a transactional stage combining current leadership practices. For example, performance appraisal is still a very important supplementary method to help leaders understand the organization and

situation directly and effectively, therefore, a combination of some effective transactional leadership skills and concepts with this model may help leaders accept and apply this new model easier and faster.

7.2 Expert opinion of Liu Wenpeng

7.2. (1) Introduction of the expert

Dr. Liu Wenpeng is the professor of Qing history in RenMin University, he specializes on political and social history in the Qing dynasty. As the model is strongly related to ancient Chinese leadership philosophy and his recent research is about Chinese leadership history, Dr. Liu would provide an in-depth appraisal of this leadership model from an historical and political perspective. It should be noticed, because Dr. Liu's work is mainly about academic research, therefore his expert opinion mainly focused on theoretical level.

7.2. (2) The first expression of the model and the opinion of the logic of the model

After an overview of this research topic and the objectives of this research, he presented his comments on the model. Logically, he considered that this model has a sufficient and integrated logic.

Professor Liu agreed that any change had to start from people mindset, a psychological change. According to his findings in the study of Chinese leadership history, it was evident that at periods of radical and fundamental change many failed due to an ill-considered and mistaken mindset. In other words, the intrinsic thoughts and understanding of the leader are the most significant determining factors for any systematic transformation. In addition, he considered that evaluation of problems at a system level and system thinking was a fundamental leadership criteria being both essential and effective. He mentioned that many successful leaders or emperors in

Chinese history, had invariably followed this regimen.

He had particularly investigated this subject studying Qing dynasty history in the period from Emperor Kang Xi to Emperor Qian Long (1681-1796), this period was widely believed to be one of the most flourishing eras in Chinese history. He pointed out that Emperor Kang Xi was a remarkable leader and emperor, one of his most successful leadership practices was “holistic system thinking” and achieving transformation in steady sequential steps. Finally, he also agreed that continuous learning through re-evaluation and reviewing the leadership practice were also crucial factors observed from history, which increased the possibility of continuous development.

7.2. (3) Evaluating the model at theoretical level

Dr. Liu Wenpeng is not an expert of Western leadership theories, therefore he had some questions concerning the four step leadership transformation process (establishing direction, aligning people, motivation and producing change through continuous learning). After a detailed explanation of the 12 key criteria involved in the transformation process, he realized it had many conceptual similarities with ancient Chinese leadership philosophies. He emphasized that holistic thinking regarding the nature of a system, ethical leadership, commitment to a shared mission and vision, communication, trust, motivation and empowerment were also important concepts of ancient Chinese leadership. He also provided his evidence.

Holistic thinking regarding a system was a very important concept of ancient Chinese philosophy. In the very early literature I-Ching and Sun Tzu’s Art of War etc.; the famous Confucian scholar Dong Zhongshu in the Han dynasty (179BC-104BC) emphasized that holistic “*Da Tong*” means leaders and followers should build commitment to shared mission and vision; Mo Tzu highlighted the importance of communication in order to unify people’s thoughts; Confucius stressed that trustworthiness was the essential criteria between leaders and followers; many of the philosophers mentioned the benefits of motivation, for example Legalism focused on

motivate people by clearly defined “reward or punishment”; Sun Tzu also stated when suitable it could be very effective to empower capable followers. Most importantly, many successful leaders and emperors have thoroughly understood these philosophies and applied them in practice and gained outstanding results. He believed that all of these similarities will enable a modern Chinese leader with the criteria of the model making it easy to understand and apply in practice.

Particularly, he pointed out some questions about the criteria in the new model and the traditional Chinese leadership concepts. In his opinion, besides the common elements above, ancient Chinese leadership philosophies particularly focus on psychology, and leaders’ skills and capabilities. In answer to his queries, it was pointed out that some of the criteria in the leadership transformation process have reflected the understanding and importance of psychology in assessing and defining the necessary skills and capabilities in leadership. For example, interpersonal relationships and motivation require the knowledge and consideration of psychology. Leaders’ need to understand what followers need and want, in order to build up harmonious and proactive interpersonal relationships; similarly, with a thorough understanding of psychology, leaders can apply appropriate methods to motivate different followers. In addition, if leaders can achieve effective communication, motivation and empowerment etc., this indicates he or she has already obtained certain levels of leadership skills and capabilities. In other words, these criteria can only be achieved with a certain level of leadership skills and capabilities.

He indicated that in the leadership transformation model, the last two criteria emphasized the relationship between learning, leadership and organization, which seemed quite novel, how should these be understood from the aspect of Chinese philosophy? In fact, Ancient Chinese philosophers like Confucius also stated the importance of lifelong learning, and Lao Tzu emphasized the importance of a leader’s continuous self-improvement. One of the significant features of this model is to emphasize that lifelong learning is the important criteria that maintains the systemic relationship between leader, learning and organization. The difference is that ancient Chinese philosophy highlighted the importance of individual learning rather than

system learning. The concept of lifelong learning as a significant criteria could strengthen the collective learning relationship between leader and followers. Through such learning interrelationships, both leaders and followers create a continuous learning system in the long-term. Exemplified in the leader to the various individuals in the organization, it consequently makes continuous learning an important part of the organization culture, and gradually turns the organization into a “learning organization”. The advantages of a “learning organization” is to keep it updated, and ready to gain the competitive advantage in a rapidly changing environment. With sufficient explanation, Dr. Liu Wenpeng believed that this model is an effective combination of ancient Chinese leadership philosophies and Western transformational leadership theories.

7.2. (4) Possible barriers and problems and suggestions for further improvement of the model

Although Mr. Liu is not a professor of leadership practice, based on his knowledge and his own understanding, he gave some suggestions that need attention. He said that in a big country like China, there are many different kinds of enterprise, state-owned, privately-owned, family-owned, merger and joint venture companies, etc. Each of them has their own features, and various situations. Leaders should not expect that one model or framework could universally solve the problem. He said he understood that many of the philosophies and concepts that were involved in this model were very effective and commonly used, however if possible, in the future, the model could be subdivided to form alternative different adaptations, and highlight different points for different types of enterprise.

Another important suggestion from Mr. Liu concerned the cooperation of followers. He emphasized that historically the fears and concerns experienced by leaders, followers who face transformation always have similar reactions. Due to the amount of followers and their different positions, how to make sure that all of the followers will support the leadership transformation is also a key problem. In his opinion, as leaders should try to find out the most appropriate followers to start and support the transformation, leaders

also need to identify the followers who may oppose or obstruct the transformation. Then it is the leader's responsibility to discover the reasons and use appropriate skills and abilities to placate the followers. He recommended being prepared for opposing views, opinions and possible barriers, and understanding how to deal with this situation should be mentioned in the model. Finally, he confirmed that any transformation is a long term journey, so according with more and more practice over time, this model will achieve "continuous improvement".

7.3 Expert opinion of Tian Maoming

7.3. (1) Introduction of expert

Mr. Tian Maoming is of a new generation of leaders in China, he has abundant leadership experience in a private-owned SME. He has established and run his business (a service company: the New Continent) for around 20 years. Mr. Tian was born in the 60s, influenced by the Cultural Revolution, he did not have any academic educational background concerning leadership. However due to his abundant experience, he has his own unique understanding of leadership, and he would provide objective expert opinion of the new model from a practical point of view.

7.3. (2) The first impression of the model and the opinion of the logic of the model

When Mr. Tian saw the model, he found its logic and ideas to be sound. Firstly, he said the model was clear and easy to understand, which would reduce the uncertainty and trepidation of leaders towards change. Secondly, the logic of this model was holistic, it not only focused on the leader as an individual, but also emphasized the relationship between individuals, leaders and the organization as a whole system. Thirdly, this model did not simply provide some leadership skills from Western leadership theories, but also showed many essentially important leadership philosophies, such as system thinking

and continuous development, which are crucial for current Chinese leaders to study. In Mr. Tian's opinion these three points are the most important and innovative points in this model.

7.3. (3) Evaluating the model in practice

Based on his experience, he explained that usually leaders who are facing transformation can be divided into two groups, one are willing to apply transformation, and the other are opposed to it. With the first group, they need a simple, easily understood, and easy to apply model to support their decision for transformation. With the second group, sometimes the first barrier to transformation is not from the employees, it is from the leaders.

In China, traditional bureaucratic leadership provides leaders with highly centralized and autocratic power, most of them use their positional power without thoroughly understanding their responsibilities. They are more likely to be concerned with their own benefits and personal future rather than those of the whole organization. Especially in state-owned firms, they are not only the business leader, they also have a corresponding position in the Communist Party. Their positional power is much greater than leaders in privately owned enterprises. If this type of leader fears transformation, and worry that their own personal benefits will be harmed, they will obviously oppose transformation in the first place.

In this model, the first step is to establish the right transformational mind for leaders, and show them how to think and behave systematically and make them aware of the necessity for transformation. In this process, leaders will understand their role in the system, their corresponding responsibilities and the meaning of their positional power as a leadership tool. If a leader only thinks about his or her own benefits and future, without shared mission and vision commitment with followers, he or she will be made obsolete by the system. Mr. Tian summarized that during his 20 years leadership experience, he gradually realized that leaders need to understand that it is not the leaders

that chose the system, it is the system that chose the leaders. If leaders play their roles appropriately, every individual in the system will gain continuous development with the system; if leaders abused their positional power and tried to rule over the system, the system will not tolerate them and in time they will be replaced.

7.3. (4) Possible barriers and problems and suggestions for further improvement of the model

Meanwhile, there were some concerns and some areas for improvements which he mentioned. Firstly, according to his own experience in leadership transformation, the agreement of the leadership group was very important. The followers' cooperation and support were believed to be the essential aspect of leadership transformation. However, sometimes the conflict within the leadership group may cause more pressure and barriers. In China, the traditional bureaucratic and autocratic system provided the leaders with great positional power, especially in privately-owned firms, where the leaders is invariably the owner of the firm. In this case, how to persuade the leaders or the leadership group to accept leadership transformation and apply self-assessment and could "mind setting" could be a problem.

Although leadership transformation in the long term will benefit the whole system, in the short term it may change the inherent pattern (traditional bureaucratic and autocratic system) of the firms' leadership system, and may require a tradeoff to the positional power of leaders. In this model, it seems to presume all the leaders were willing to apply leadership transformation and they were the initiators, however in reality, the situation can vary. In addition, there is no doubt that applying this transformational model will be time consuming, at the same time, will it also increase some other costs, such as funds, human resources, etc. Moreover, can any form of enterprise apply this model, or should there be some differentiation or adjustment which would enable it to adapt to various situations? Finally, he said that this was just the beginning of this model, through practice, this model will gradually be improved and complete over time.

8 Instructions for the new model's application

Figure 7 The model of leadership transformation

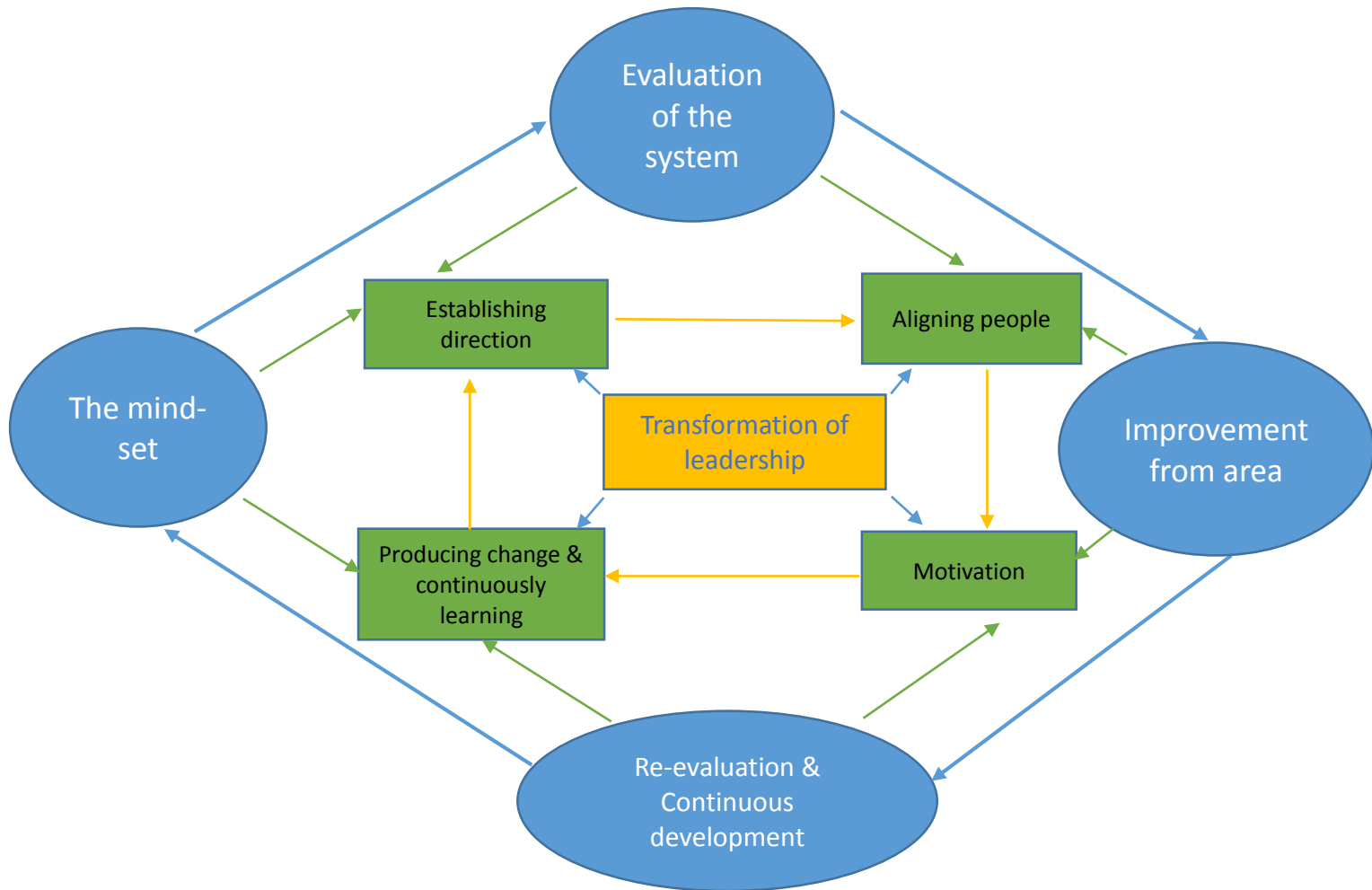


Table 20 Improved criteria based on the result of expert opinion

The main steps	Criteria
1. Mind-set	Preparation of transformation
	Clarify and define the role of a leader within a system
	Understanding a leader's responsibilities and the meaning of power, eliminate positional power
2. Evaluation of the system	Establish shared mission and vision, arouse the willingness and support of followers and leader's group
	Transformation will be time consuming, be ready for the increase of some costs, e.g. funds and human resource
	Apply performance appraisal as an important supplementary
3. Improvement from area	Pay attention to interpersonal relationships
	Communication at both vertical and horizontal level
	Building trust, avoiding autocratic and bureaucratic methods
	Applying appropriate motivation skills
	By empowerment, providing opportunities for the growth of followers
	Keeping the information flowing
	Be prepared for opposing views, identify the followers who may oppose or obstruct the transformation
	Be aware of any possible risk and be ready to deal with it again
4. Re-evaluation and continuous learning	Understand continuous development is fundamental in a rapidly changing environment
	Realize the importance of continuous learning
	Be flexible subdivided to form alternative adaptations

Through analysis of data, discussion and expert opinion, the new model continued to be improved (see Figure 7 and Table 20). To apply this model and achieve successful

results, the instructions of how to apply this model in practice are very important. They aim to provide an essential guideline for any leaders or organizations who want to apply this model to achieve leadership transformation. First and most importantly, to apply this model, professionals with expertise in leadership transformation and who has a thorough understanding of this model are required. The benefits of employing such experts include: he or she has a theoretical view of how to apply the new model; he or she is objective; he or she can play the role of a trainer, supporter and counselor during the transformational process. With their help, the main steps of applying this model include the following stages:

1. Beginning of mind-set

To achieve the required mind-set, training of the leaders is needed. The expert will provide the necessary training this stage, key theories and philosophies will be taught to the leadership group, for example what system thinking is, why transformation is needed, what transformational leadership means, what are the similarities between transformational leadership and traditional Chinese philosophies, etc. In addition, the logic of the model and the framework of this model will be introduced to the leaders. This training will help leaders build up a theoretical background of the main theories and philosophies which will be involved in the transformation, and help them understand the necessity of transformation in the ever-changing environment.

2. Leadership mind transformation

After the general introduction of the theories, philosophies and the framework of the model, the next stage is very important. The aim of this stage is to achieve a change in the way leaders think about themselves, their role and attitudes. Further training will focus on this change. In this training, leaders should initially understand that they are only one part of the whole system, they are within the system and can never be over the system. If they contributed to the whole system, both the leaders and the system will improved together; if they only pursue their own interests and ignore the development of the system, the system will eliminate incompetent leaders. As a result, the importance of the ethical issues associated with

transformational leadership will be emphasized. A proper consideration of ethics will reveal the essence of a leaders' responsibilities and the meaning and use of power.

3. Help the leaders to analyze themselves

The transformation of a leaders' way of thinking cannot be achieved overnight, to help leaders through this initial transformation process, self-assessment and analysis will be useful. The expert will help leaders to finalize the process, and a check list will be provided to guide the leaders approach this stage of self-analysis. At this point, leaders should review themselves' thoughts attitudes and behavior from a systematic level, and judge the advantages and disadvantages of their current leadership style. Through this review and analysis, leaders should achieve a clear understanding of how to improve their leadership style and how to approach transformational leadership. This process will continue throughout the whole transformation process, and the expert will act as a supporter and counselor to provide any possible help and guidance to the leaders.

4. Leaders' analysis of the current system

With a new understanding of the meaning of leadership, the next stage will move on to the transformation of the whole system. An analysis of the current situation of the system is very important. Both the internal environment and the external environment need to be evaluated. The evaluation of the internal environment may include strengths and weaknesses of the organization, the current mission and vision of the organization, any problems and potential barriers to transformation, etc. The evaluation of the external environment may include the economic, social, political, technological, and competitive environment etc. Commonly, an organization always has a professional team to analyze this on a regular basis, therefore leaders need to update their understanding of this information and analyze the relationship between the information and transformation.

5. To build commitment to shared mission and vision with followers

When the leaders have thoroughly evaluated and understood the current situation of

the system, coordinating with the transformation, new shared mission and vision will be created. It is very important for the shared mission and vision to secure the commitment of the followers. To achieve this aim and ensure the support from followers, leaders should pay attention to interpersonal relationships within the organization, avoiding tough, commanding and unreasonable attitudes. Communication is also an effective way to build commitment with followers, frequent communication will help followers understand the reasons for transformation and the benefits of it. The means of communication can be various, face to face communication, internet communication or paper communication are all effective methods. In addition, both vertical and horizontal communication are important, to break hierarchy and estrangement within the organization, trust is a significant tool. Trust is one of the key Traditional Chinese philosophies, and still plays a very important role in modern China. Leaders should use this to glue the organization together as a harmonious system.

6. To gradually perform transformation from area to area

Initially, it may be very difficult to apply transformation in every department at the same time, therefore to achieve transformation from area to area, from part to part would be more realistic. Through the leaders' previous evaluation of themselves and the system, the weaknesses and these areas that need urgent improvement should be investigated. In this case, the transformation could begin from this area. During this process, the importance of motivation and empowerment will become apparent, because according to previous research, most Chinese leadership is autocratic and bureaucratic. Leaders always lack effective motivation and the idea of power sharing, with the theoretical training and change of mindset, leaders will have a new understanding of how to motivate followers, and how to effectively distribute power to the appropriate people. During this process, the expert will provide counselling and suitable skills and methods to motivate different followers, and help leaders to gradually effect empowerment. Any transformation may result in new challenges and risks, the expert will always support leaders in implementing the transformation and remind leaders to keep information flowing, in order to solve any problems as they arise.

7. Continuous development and re-processing

To achieve the transformation of the whole organization and its continuous development, knowledge and organizational learning are very important. Leaders should first make learning a habit, through reading and communication etc. to keep up dated with current advances and knowledge. Leaders should then organize employees to train, study and discuss regularly, in order to keep the knowledge of the whole organization at the same level. Gradually, learning will become an important organizational culture, and the organization will become to a learning organization. In this case, the whole organization will be more robust and dynamic. The last step of applying this model is to repeat the whole transformation process, because as the environment is always changing, to achieve continuous development, transformation must also be continuous.

9. Conclusion

In conclusion, this research focuses on comparing and contrasting modern Western transformational leadership theory with ancient Chinese leadership philosophies. The aim of this research included: discover the reasons why Chinese business leaders need to change from autocratic leadership to a transforming leadership style; investigate the main problems of modern Chinese leadership systems; summarize the essence of ancient Chinese leadership philosophies; highlight the characteristics of Western transformational leadership theory; discover the possible solutions to effectively combine ancient Chinese leadership philosophy and Western transformational leadership theory in order to provide the most robust leadership model for current Chinese business leaders; evaluate the feasibility and practicality of the new model. This research is based on a thorough review and understanding of both the ancient Chinese philosophies and Western transformational leadership theory. This research involved both secondary and primary research method.

9.1 Secondary research and findings

The main objectives of the secondary research included: to review the current state of Chinese leadership and identify the advantages and disadvantages; to review the literature of the ancient Chinese leadership schools, and summarize the essence of their philosophies; to review the literature of two modern Chinese leaders: Chairman Mao and Deng Xiaoping; to review the literature of Western leadership theories, especially transformational leadership theory; the creation of a potential leadership model at a theoretical level.

Current situation of Chinese leadership

Through a review of the relevant literatures, the current situation of modern Chinese leadership was investigated. The rapid development of the Chinese economy created the need for academic research and leadership theory which began with the “Open-Door” policy in 1978. Consequently, leaders who were born in the 50s-60s, became the generation of entrepreneurs who believed they were not only the “lucky ones”, but also the witnesses of 30 years of Chinese economic development.

However, in recent years although China has kept more than 8% growth in GDP, the approach of globalization meant many local businesses gradually lost their advantages of low cost labor, small overheads and national protection etc. The development of Chinese businesses’ “software”, such as service quality, creativity, innovation etc. became the major development trends for most local businesses. The drawbacks of traditional autocratic and bureaucratic leadership gradually became a barrier to business development. As a result, many Chinese leaders realized the importance of leadership and management system transformation and development.

Ten years ago, many people thought leadership development was only associated with major leaders. Nowadays increasingly leaders have realized that sound leadership skills could be an essential tool for their business development. In fact, many successful business leaders share a strong agreement that leadership as an important skill contributed to their success. Consequently, both scholars and business leaders are seeking any possible way to improve and transform their current leadership system.

There were two major directions, one is trying to find answers from ancient Chinese philosophies, and the other is to study advanced Western leadership theories and successful experience. However, each of them face different barriers and problems. In terms of ancient Chinese philosophies, they have the advantage of having been passed down from generation to generation, and are a shared common base easily understood and accepted. However, to translate and build these into models of leadership practice needs clear structures or a simplified framework, which currently do not exist. In terms

of Western leadership theories, although many concepts and methods are very advanced, in order to gain some short-term results, many Chinese businesses choose to a “copy and paste” and “quick fix” method with Western leadership theory, and most of them have failed.

The review of ancient Chinese philosophies

By understanding the current situation of Chinese leadership, the core of the problem focused on investigating the possible ways to combine and balance ancient Chinese philosophies with Western leadership theories to overcome the difficult situation of current Chinese leadership. Therefore, the next stage of the literature review was to review the ancient Chinese philosophies and summarize their essential ideas and concepts.

In the 5000 years of Chinese history, there were many important philosophers and schools that appeared in different dynasties. Particularly, the pre-Qin period which was described as the bloom of a hundred schools of thought, because in this period, some of the most important philosophical schools were established and they are still very influential in modern China.

In this literature review, six of the most influential and famous schools were selected due to their significant impact on modern Chinese social behavior. They are Confucianism, Mohism, Taoism, Legalism, Militarism and Buddhism. Among the six schools, Confucianism, Taoism and Buddhism are more concept based, whereas Mohism, Legalism and Militarism have a more strategic base. In addition, I Ching as the most fundamental and influential classic philosophy in ancient China was reviewed, because it emphasizes both concept and strategy aspect.

I Ching (*The book of Change*) was collated and enshrined the main thought and philosophy of Ching (truth), and was several hundred years earlier than the other schools, and also believed to be the basis of the other schools. The core concept of I

Ching is the interpretation or understanding of the constancy of change, which not only provides the concept of constant change as a universal rule of human civilization, but also serves as interesting model to inform the present debate on transformational leadership.

As one of the most famous ancient Chinese philosophers, Confucius founded Confucianism, which included many concepts closely linked to leadership contexts. The core of Confucius' leadership thoughts are benevolence (*ren*), ceremony or ritual (*li*) and trustworthiness (*xin*). Benevolence means both followers and leaders facilitate and encourage each other in order to create a respectful and harmonized relationship between leaders and followers. Ceremony and rituals are a significant complement to benevolence. Following ceremony and rituals, all the members of the system should follow the structure of each hierarchy and should behave in a way that balances the power of each hierarchy. This concept still has a significant influence on the Chinese political system as well as leaders' behavior. Respect and trustworthiness is significant to any leadership practice, they are the prerequisite of any collaborating relationship between leaders and followers.

Confucianism was completed and perfected by two important Confucianism masters Mencius and Xun Tzu who made a valuable contribution to the development of Confucianism. Compared with Confucius, Mencius emphasized the importance of followers and the necessary hardships and tribulations which a leader needs to experience; Xun Tzu pointed out the complementary relationship between ceremony and law, because he believed that people are born evil, therefore, people must be constrained and controlled by law. He also realized the importance of the empowerment and engagement of the elite group. In fact, nowadays people consider Xun Tzu's thoughts to be more realistic and practical, whereas the thoughts of Confucius and Mencius are relatively idealistic.

In Chinese history, Taoism can be seen as the second most important school, the application of Taoism was always circumlocutory. The two important masters of Taoism were reviewed, Lao Tzu and Zhuang Tzu. Lao Tzu's core concepts of leadership

include: control people's desire; ruling by nothing, only follow the natural cycle; the importance of fairness; following the rule of *yin* and *yang*; using strategies to deal with problems and avoid direct conflict; and people should not be led by tough measures. The core concepts of Zhuang Tzu include: encouraging the elite people and change of strategies in order to follow and adapt to the ever changing environment.

Buddhism provided core leadership concepts which include: being generous systematic thinking, dealing with conflict peacefully and actively; understanding follower's needs and wants, treating people equally and with a leaders respect; continuous personal development. In later dynasties, Confucianism, Taoism and Buddhism were sequentially well established as the foundation of Chinese social culture. Finally, Confucianism was chosen as the leading philosophy of Chinese culture by Chinese leaders, people and history, Taoism and Buddhism became its moral complement.

Strategic thought, represented by Mohism, Legalism and Militarism provided different concepts associated with leadership. The main concepts of Mohism are: unification (centralization of policy and unify people's thoughts) by punishments, rewards and communication; promoting people with appropriate capabilities; saving, and no waste. The key concepts of Legalism are: law (easier to control and rule followers; clear punishments and rewards; to ensure the authority of law); strategies, especially communication, neither too kind nor too harsh; power should be apportioned according to the different hierarchy level. The core concepts of Militarism are: importance of self-assessing and system analysis; environment is forever changing, and decision making should follow the change; understanding the importance of psychology.

By reviewing these ancient Chinese schools, the essence of ancient Chinese philosophies was summarized as trust, collectivism, shared mission and vision, empowerment, understanding the followers' needs, communication, learning, motivation (punishment and reward), psychology, engagement of strategies and holistic thinking of a system, etc.

The effect of Chairman Mao and Deng Xiaoping

As the most famous and influential leaders of modern China history, Chairman Mao and Deng Xiaoping have their unique leadership beliefs and concepts. The effect of their leadership still exists in the economic, social and political life of the country. Chairman Mao's leadership beliefs mainly include: transformation, evaluating and understanding the current situation; dialectical mind set; and maintenance of socialist ideology. The influence of these leadership beliefs include the impact of "Sending Down" policy, the importance of education, relationship network, bureaucratic system of government. The leadership concepts of Deng Xiaoping include: understanding the needs of the system; application of realism; transformation; collaboration; innovation. The main influence of Deng Xiaoping's leadership is the "open door" policy and the fast development of the Chinese economy. Through reviewing Chairman Mao and Deng Xiaoping's leadership, it was found that they have made great efforts to combine successful Western experience and ancient Chinese philosophy.

The Western leadership Theories

Similar to China, in Western countries, philosophers such as Plato and his students also began to discuss and investigate the topic of leadership almost in the same period with Confucius and Lao Tzu. In the last century, leadership as a science rapidly developed, many different concepts, theories and approaches of leadership have been explored and formulated. Many different definitions of leadership appeared based on different trends. By following the different definition trends, seven most famous and representative leadership theories were selected to draw comparisons and contrasts with the essential elements of Chinese philosophy, namely trait theory, behavioural theory, contingency theory, transactional leadership, transformational leadership, authentic leadership and servant leadership. The result showed that transformational leadership shares a common base with Chinese philosophy, because both of them are systematic and human-oriented.

The meaning of transformational leadership, especially how to achieve it was reviewed

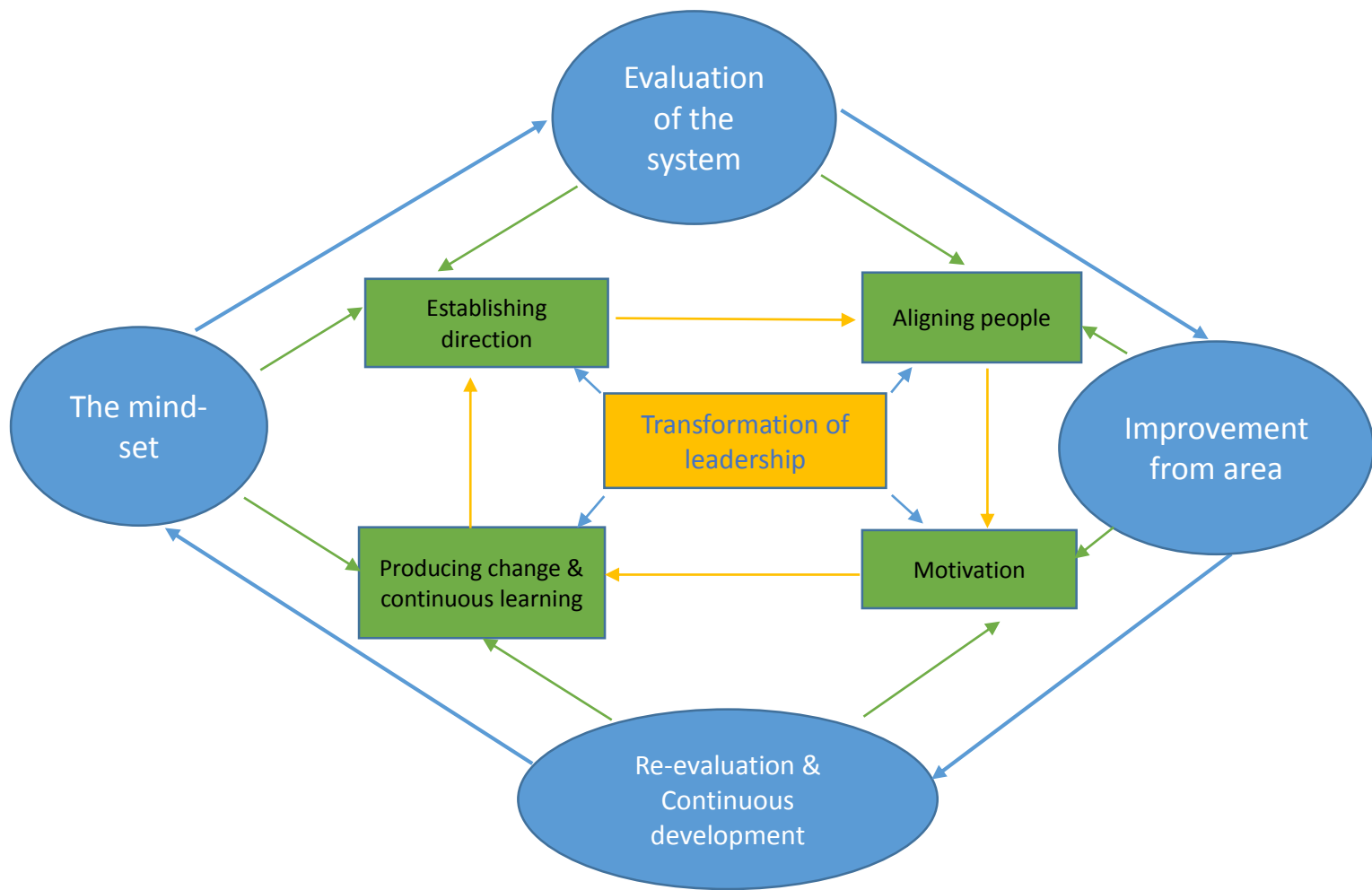
in detail. According to Bass and Riggio (2006, p. 3), transformational leaders encourage and inspire followers to both achieve extraordinary outcomes and develop their own leadership capability in the process. The main components of transformational leadership include idealized influence, inspirational motivation, intellectual stimulation and individualized consideration. By understanding the meaning of transformational leadership and reviewing the research of Kotter (1990), a systematic process of achieving transformational leadership was summarized in four stages: establishing direction, aligning people, motivation, and producing change.

Within the stage of establishing direction, the main concepts include understanding the need for transformation, understanding an organisation as a system, the importance of ethics in transformational leadership, commitment to shared mission and vision. At the stage of aligning people, the main concepts include interpersonal relationship; communication and trust. At the stage of motivation, the main concepts include motivation, power and empowerment. At the last stage producing change, the main concepts include information; leadership knowledge and organisational learning; organisational culture and the learning organisation. All of these concepts support the application of each transformation stage.

The initial framework of the new model

After a thorough review of both Chinese leadership philosophies and Western theories, and the comparison and contrast between them both, a new leadership transformation model was explored at a theoretical level.

Figure 8 The model of leadership transformation



The main logic of this model is the following.

First step: the mind-set:

- Self-assessing the leader's role within the system;
- Leader's responsibility, the meaning of power, and being an ethical leader;
- Understanding the need for change.

Second step: evaluation of the system:

- Understanding the current situation of the system;
- the advantages and disadvantages
- finding the most important problem and where to start transformation

Third step: Improvement from area

- Understand that transformation cannot be achieved overnight;
- Transformation is a long-term, systematic approach, which needs to be achieved step by step;

Fourth Step: Re-evaluation and Continuous development

- Re-evaluate the system and investigate the improvement and any new problems;
- Repeat the process from mind-set to achieve continuous development, thus a continuously developing system is created.

9.2. The design of the research methodology

In order to fulfil the research objectives, both secondary and primary research was involved. In the secondary stage, a comprehensive literature review was essential, because it enabled the researcher to point out the contradictions and gaps in the existing knowledge. In the primary research stage, the main research methods were qualitative research. Because of the philosophical sophistication of leadership research, qualitative research was considered the more appropriate method with regards to studies concerned with human behaviour. In primary research, the main qualitative techniques applied including multiple case studies, semi-structured interview, focus group and expert opinion.

In this research six different firms were selected as the case study firms: CMC (state-owned), COAMC (state-owned), Beijing Easyhome (state-controlled with majority of share), HaiDiLao (private-owned), Tong Yun (family-owned), and The Spring Group (private-owned). The six firms run businesses in different fields both in the manufacturing and servicing sectors. Four of them have gained leading advantages in their fields, including CMC (mining), COAMC (financial sector), Beijing Easy home (retailing) and HaiDiLao (catering), and all of them has experienced leadership transformation in various ways, and has their own unique understanding of how to perform a successful leadership transformation.

The other two firms Tong Yun (manufacturing) and The Spring Group (servicing) are facing the great challenge of a rapidly changing competitive environment and in need of leadership transformation. However their leadership transformation process was not as successful as the other four firms. In this case, a comparison and in-depth investigation of the six firms was carried out by using case study, semi-structured

interview and focus group. By applying these three research methods it would eliminate the limitation of each individual method.

In addition, it was expected to take three to five years or an even longer time to evaluate how the leadership model works and its efficiency and effectiveness. As the time for this research was limited, expert opinion was employed as a highly effective method to evaluate the new model. The possible ethical issues and bias during the research process was also taken into consideration in the design of the research methodology.

9.3 Primary research and the result

By applying different qualitative techniques, abundant primary data was collected. This primary data was collected and analysed from two levels: the individual understanding and interpretation of leadership from the company leaders; the current leadership practice at organisational level. During the research, one or two head leaders from each case study firm were invited to join the semi-structured interview, and some of their employees were invited to join the focus group, in order to increase the reliability and generality of the research.

At the first level, this research focused on and investigated the similarities and differences of the each leader (e.g. age and education background) and their understanding of leadership. At the second level, this research aimed to gain a bigger picture of the current leadership practice at organisational level, especially the current situation of transformational leadership in a Chinese organisation. According to the research, it was found that education background and business experience are the main decisive factors of how they define leadership and their leadership practice. Due to the

different social and political backgrounds, such as “Cultural Revolution” and “Economy Reform”, leaders born in the 50s and 60s and leaders born in a subsequent generation exhibit great differences.

At the organisational level, bureaucratic and autocratic leadership systems were still believed to be the current practice of Chinese leadership systems. Most leaders and followers realised the drawbacks of the traditional bureaucratic leadership style, and are expecting a more human-oriented and human friendly leadership style to replace it.

The first four companies have experienced partial leadership transformation, and achieved some success. Meanwhile the last two firms TongYun and the Spring Group faced some difficulties and conflict during the leadership transformation process. The head leaders of the two firms still insisted on bureaucratic leadership, but the new leader and the general manager wanted to transform their leadership to a more democratic and friendly style. These were considered the main reasons why these two firms were not as successful as the other four in leadership transformation. The interviewees all recognised the significance and meaning of traditional Chinese values in the modern day, and the advantages of Western leadership theories. Although some of the leaders had not heard about transformational leadership, they were very interested in its concepts. In short, there is an urgent need for a model that can combine the advantages and essential points of both Western leadership theories and Chinese leadership philosophies.

The interviewees also provided some suggestions regarding the requirements of leaders and the new model. The requirements of the leaders advised that the model should start from a change in the leaders’ “mindset” gradually changing their behavior, and then leading the change of the whole organization. The requirement of the model included: the model should be easy to understand and easy to apply, most importantly it should

effectively involve the employees to support the leadership transformation and thus to achieve the transformation of the organization. The possible barriers to the new model involved: not practical; the structure of the model is too complicated; the leaders and followers' willingness and attitude towards change; communication channels are too open; leaders misunderstand the responsibility of power; rush into the transformation without enough preparation; affecting leadership stability.

Through the result of data analysis, it was found that the initial framework of the leadership transformation model which was created from the literature review almost fulfilled the requirements of the current situation. More importantly, this model viewed the relationships between leaders and organizations from the level of systematic thinking. Based on the suggestions from interviewees, and combined with the initial framework of the model, some improvements to the new model were made. The most important improvement was to provide more detailed and the current Chinese situation based criteria. This improvement also took the possible barriers of leadership transformation into consideration, for instance understanding the need for transformation: preparation for transformation; building commitment to a shared mission and vision with followers: arouse the willingness and support of followers and the leaders' group; Communication: effective communication at both vertical and horizontal levels, avoiding invalid communication, etc.

9.4 Discussion result

After detailed secondary and primary research, the answer to the key questions of the research were discovered and discussed.

- ◆ Why would Chinese business leaders need to transform from an autocratic leadership to transforming leadership style?

Because in the rapidly changing global environment, the drawbacks of the traditional autocratic leadership style has gradually appeared and hindered the development of organisations. Many local Chinese business have lost competitive advantages in the global market. As a result, a more flexible and transformational leadership style is urgently required.

- ◆ What are the main problems of modern Chinese leadership systems?

Many leaders and scholars realised the problems and drawbacks of bureaucratic and autocratic leadership, and they are seeking the possible solutions to transform this situation. There are two main guides and directions: traditional Chinese philosophies and Western leadership theories. Both of them was many advantages, but misunderstanding, pursuing a “quick fix”, lack of a suitable and applicable model and structure are the main cause of failure.

- ◆ What is the essential concepts of ancient Chinese leadership philosophies?

The main concepts of the researched schools are summarized as trust, collectivism, shared mission and vision, empowerment, understanding the followers’ needs, communication, learning, motivation (punishment and reward), psychology, engagement of strategies and holistic thinking of a system, etc.

- ◆ What are the successful examples of applying these ancient Chinese leadership philosophies?

In this research, the leadership beliefs and concepts of Chairman Mao and Deng Xiaoping were analysed. In fact, they not only provided successful examples of applying ancient Chinese leadership philosophies, but also showed successful experience in combining ancient Chinese philosophies with Western theories

- ◆ What are the characteristics of Western transformational leadership theory; why are they not suitable for current Chinese practice?

According to the research, the main characteristics of transformational leadership theory are human-oriented and systematic thinking. In China, transformational leadership is still a very new concepts for many Chinese leaders, lack of understanding and fear of any risks it may cause to rear application in current Chinese practice.

- ◆ What are the possible solutions to effectively combine ancient Chinese leadership philosophy and Western transformational leadership theory in order to provide the most robust leadership model for current Chinese business leaders?

Based on this research, the common base between ancient Chinese leadership philosophy and Western transformational leadership theory was investigated: both of them are human-oriented and use systematic thinking. This common base provided significant support for the new leadership transformation model. Through creating the new model to achieve an effective combination of the ancient Chinese philosophy and the Western leadership transformational leadership theory.

- ◆ How to transform the traditional autocratic leadership to transforming leadership style by applying such a model?

This model was designed not only to change the behaviour of leaders, but most importantly to change the mind-set of leaders, and build up systematic thinking in their mind. In addition, this model not only aims to transform the leadership style of an organisation, the ultimate objective is to transform the whole organisation to a transformational organisation, and the organisation will be dynamic and robust in the ever-changing environment.

9.5 The critical review of the model (expert opinion)

After analysis and discussion of the primary data, the framework of the new model needed to be reviewed and evaluated. Normally, to demonstrate the possibilities and effects of a new model or framework, in practice, will take a relatively long period of time (e.g. three to five years or even longer). Due to the limited time of this research expert opinion was sought as an effective method to discuss these possibilities and effects of the new model. There were three experts invited to join the research: Professor Liu Bingxiang, Dr. Liu Wenpeng, and Mr. Tian Maoming. Professor Liu Bingxiang is one of the most famous pioneering leadership scholars in mainland China, and she is Professor in leadership development at the Party School of the Central Committee of China. Dr. Liu Wenpeng is the professor of Qing dynasty history in RenMin University specialising in Political history, providing a unique view on Chinese leadership from an historical perspective. Mr. Tian Maoming was the experienced leader of the privately-owned firm the New Continent Group. They provided their expert opinions of the new model from an academic aspect, historical and practical aspects. Generally, they all agreed that there was an urgent need for an easily understood and applied framework to guide current leaders in the process of leadership transformation. They highlighted and strongly agreed with the logic and overall idea of the model, especially the holistic nature of the system, and continuous development of both individuals and the system. They also contributed valuable suggestions, such as dealing with any possible barriers and risks during the transforming process; how to persuade both the leadership group and employees to cooperate and support the transformation; how to make this model more adaptable to a variety situation and circumstance and easier to apply by initially combining current Chinese leadership skills, etc. All of these suggestions provided a valuable insight into the nature of further improvements to the model.

9.6 Contribution

The main contributions of this research are the thorough review of the main ancient Chinese philosophies and the development of Western leadership theories; the comparison and contrast of the essential concepts of ancient Chinese philosophies with seven important Western leadership theories; investigating the common base shared by both; theoretically provided the possibility of combining Chinese leadership philosophy and Western leadership theory; through primary research of leaders from different firms to analyze the current situation of Chinese leadership systems, and proved the urgent need for leadership transformation; practically provided leaders an appropriate and easily understood model through combining Chinese leadership philosophy and Western leadership theory to improve the current leadership system; finally, created a new leadership transformation model based on the combination of both ancient Chinese philosophies and Western leadership theories.

The main contributions of the leadership transformation model are: firstly and most importantly, the essential idea of the model, system thinking as a “leadership mindset” is extremely powerful. It systemically moves the position of leadership from above to inside the organization. By changing the viewpoint of leadership, leaders will gain a much more holistic picture of the system they lead and also clearly understand the importance of the involvement of all parts of the system. Secondly, the model is simple and easy to understand. It would in many cases provide an easy first step for leaders to take as part of the leadership transformation. It also delivers an easily understood picture for the followers to appreciate their role in the transformation, thus alleviating their fear of change. Moreover, this model emphasizes the importance of re-evaluation and continuous development, with focus on the long-term improvement not short-term interests. Furthermore, this model not only aims to transform the thought and behavior

of leaders, but more importantly aims to transform the whole organization to be more dynamic and robust in the ever-changing environment.

9.7 Further work

Although transformational leadership has been discussed in Western leadership fields for more than thirty years, it is still a relatively new topic for Chinese scholars and leaders. Only limited research concerning transformational leadership in China was available. Although the advantages of transformational leadership in many aspects have been approved, such as innovation, followers' satisfaction and motivation, due to lack of convincing evidence in practice, many Chinese leaders have preferred to retain their current leadership style.

This research attempted to provide a possible model of achieving leadership transformation, however it still needs a relatively long period of time to put this model, into practice, and gradually investigate potential advantages and disadvantages in order to achieve continuous improvement. In addition, the data base of the literature review and the number of case study firms in this research were very limited, more relative research and case studies should be carried out. Moreover, this research mainly applied qualitative research methods, which may have the limitation of generality and reliability. As a result, more research applying different research methods and techniques, such as quantitative research will be required. Furthermore, to change people's minds and behaviours are a long time journey, there is no model or method can change them overnight, therefore all new research and opinion will contribute a new possibilities.

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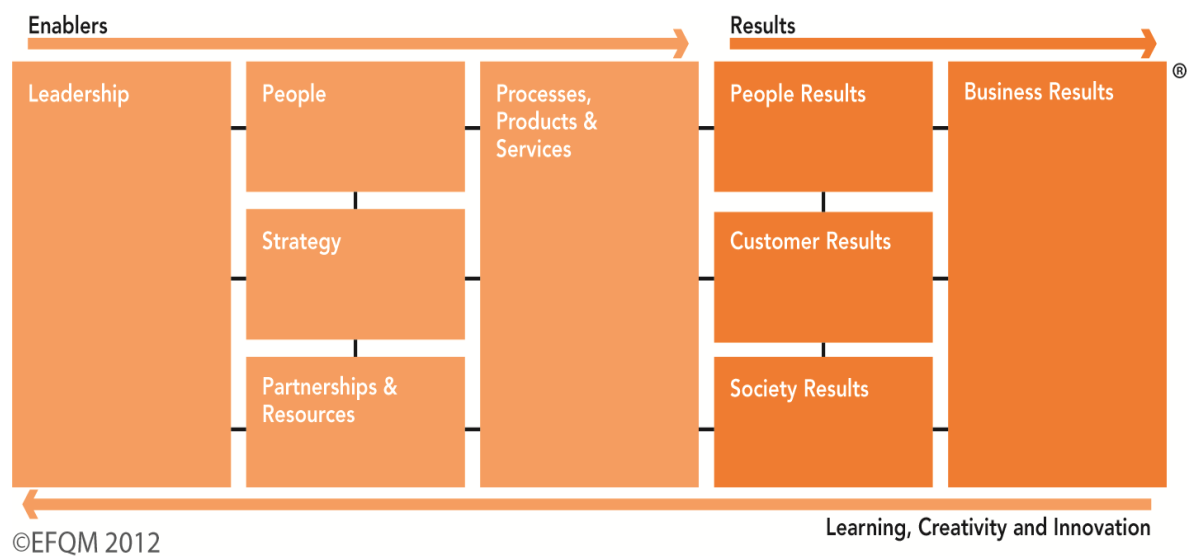
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12 Appendix

Appendix I

THE EFQM Excellence Model



SOURCE: http://www.efqm.org/sites/default/files/overview_efqm_2013_v1.pdf

The appearance of “Hundred schools”

From Yao, Shun and Yu’s ancient period (around 4000 BC) to the extinction of Qing dynasty (1911 AD), China, especially the Han nationality has experienced more than 5000 years of history and civilization. Although there were many ethnical nationalities that have played important roles in Chinese history, such as Mongol nationality, Manchu nationality and Uygur nationality etc., Han nationality was widely recognized as the main stream of Chinese (Cao, 2008, pp. 1-21). During these 5000 years, many great thinkers, philosophers and schools have influenced the establishment of Chinese history (Cao, 2008, pp. 1-21). However there was a particular period of time during which many thinkers, philosophers and schools, such as Confucianism, Taoism and Legalism appeared and flourishing, and nowadays these are universally recognized as the fundamental philosophy of Chinese culture and humanism (Li, 2008, pp. 1-9). This period is regarded as the pre-Qin period, or the flourishing period of hundred schools, and its influence was widely spread and deeply embedded within the Chinese history. This period had stimulated such abundant of thoughts and concepts, many of which became the fundamental philosophy of the Chinese society later in the history. Before Qin Shi Huang who was the first emperor to unify China (221 BC), there was a very important dynasty called the Zhou dynasty which existed for more than 800 years. The Zhou dynasty was divided into two periods: Western Zhou (1046-771BC) and Eastern Zhou (770-221BC) due to the migration of the capital. Eastern Zhou has been further divided into another two periods: the Spring and Autumn period (770-476 BC) and the Warring States (475-221 BC). When the Zhou dynasty was established in 1046 BC, the political system was defined as a feudalism-slaving system that hierarchized by varies levels of dukes or princes (Ebrey, 2010, pp. 38-59).

The territory of the country was divided into different provincial regions, namely the vassal states, and was granted to the dukes or princes, who are members of royal family and people who made a great contribution to the establishment of the Zhou dynasty (Ebrey, 2010, pp. 38-43). As a result, Zhou dynasty composed over a hundred vassal states of the hierarchy political system, and each vassal state had its own leader who called the provincial prince or duke (Ebrey, 2010, pp. 40-45). Although it was designed as an interdependent hierarchy system, each vassal state was economically and politically independent (Ebrey, 2010, pp. 50-57). In the Western Zhou dynasty, the princes followed the domination and leadership of the Zhou king, whom they called “the son of heaven” (*tian zi*), because they believed that the power and status of the Zhou king was granted by heaven. However, after a long period of reformation in different vessel states, the Zhou king lost his central control power, became more of a figurehead than the true ruler of the country (Ebrey, 2010, pp. 38-41). Therefore, from the Spring and Autumn period, five of the most powerful vassal states have gradually threatened the authority of the Zhou king. The competition between the vassal states increased during the Warring States period, when numbers of other vassal states declined rapidly (Ebrey, 2010, pp. 38-43). At the beginning of the Warring States, there are seven strongest vassal states, which were continuously trying to annex each other by war and campaigning. In 221 BC, one of them finally beat all the other vassal states, and unified the whole country for the first time, and this vassal state was Qin (Dong, 2000; Li, 2000; Qiao, 2008; and Yi, 2009). Since Qin dynasty, the social, political, economic and geographical unification became the most important political significance in Chinese political leadership system. The formation of bureaucratic hierarchy feudal system is viewed as a substantial support to the centralization of power (Cao, 2008, pp. 1-21; Dong, 2000; Li, 2000; Qiao, 2008; and Yi, 2009).

The background of Confucius

The originator of Confucianism was Confucius, who was a great philosopher, thinker and educator (Hou, 2009, p. 13; Jiang, 2010, pp. 24-27). He lived in a relatively weak vassal state called Lu during the Spring and Autumn period. As mentioned above, during this period, the authority of the Zhou king had significantly declined. As his famous idiom of: “the rituals had collapsed, music had spoiled (*Li Beng Yue Huai*)” described the crisis of collapsing political infrastructure, Confucius realized that the country’s social and political system had become disordered, and he had the desire and responsibility to transform and restore such crisis (Hou, 2009, pp. 14-15). At the beginning, he thought that if he could be a senior official of Lu government, he could support the king (leader) of the Lu state to strengthen and increase the power of Lu by restructuring the political system as well as the social system of the Lu County (Yu, 2008, pp. 79-98). However, due to the confliction between his political believe and nobility’s interest, consequently he was forced to leave Lu, and began his philosophical persuasion adventure in varies different vassal states to publicize his political thoughts accompany by many his students (Hou, 2009, p. 15; Yi, 2009, pp. 22-33). Unfortunately, there were few leaders who accepted his thoughts or appointed him. Due to the lagging of quick result during the war period, Confucius could not achieve his political believe by serving the government. Nevertheless on the education side, there was a great contribution Confucius made to the Chinese civilization providing a significant philosophical influence to modern days (Yu, 2008, pp. 43-61). During lifelong adventure he educated around 3000 students who later made an extensive dissemination of his treasured philosophy (Yi, 2009, pp. 22-33). In his later years, Confucius had restored and accumulated many ancient Chinese literatures, and eventually established the significant philosophical and literature foundation for the system of Confucianism

(Cao, 2008, pp. 22-23). The Confucianism text (The Analects of Confucius) was later formed by his students to record his thought during the lifelong journey of persuasion (Jiang, 2010, p.26).

The great influence of Confucianism in Han dynasty

The dynasty that replaced Qin was the Han dynasty. At the time the Han dynasty was one of the longest (206BC-AD220) and arguably the most influential dynasties in Chinese history. It is the reason why Chinese people is regarded the Han people. Due to supportive of feudalism bureaucratic hierarchy political system, the greatest Han emperor Han Wu Di (156BC-87BC) deployed Confucianism as the only official leadership and educational concept for the Han nations. Han Wu Di not only studied and praised Confucianism by himself, but also used Dong Zhongshu's Confucianism thoughts as Han's official political believes. He was appointed as the first premier of the government (Hou, 2009, pp. 31-32; Xiang, 2000, pp. 61-64). Dong Zhongshu (179BC-104BC) was one of the most influential Confucianism masters in West Han dynasties (Xiang, 2000, p. 62). Based on the philosophies of Confucianism, he combined the Yin-Yang and the Five Processes schools (a stream of I Ching which were appeared in the late Warring Period) considering the political and social status at the time, and eventually formed Confucianism based philosophy system in his own right (Hou, 2009, p. 135; Wen, 2012, p. 70). Dong's philosophy system was transformed to the state policy by Han Wu Di, thus the Confucianism was defined as the dominant study of the other schools (Xiang, 2000, pp. 61-64). Dong Zhongshu admired Confucius's leading position and as a fundamental philosophy of the Han nation (Hou, 2009, pp. 134-135). He developed Confucianism to a new stage, his main philosophies include: proposed the principle of Great Unification (centralization) from both social aspect and philosophical academic aspect; the thought of resonance (interdependency) between human beings and the heaven (God or *tian*) (Wen, 2012, pp. 70-72). The principle of Great Unification based on the combination of Confucius's idea of ceremony and ritual, and Xun Tzu's idea of law, which means through ritually

moral education (respecting the hierarchy system) and legal ruling of followers to centralizing the supreme power of the emperor (Cao, 2008, p. 138). The thought of resonance between human being and the heaven provided a new dimension of thinking the interdependence relationship between human and nature. Particularly, this thought includes: human and myriad things are created by the heaven; human and the heaven have many similarities; if human (especially the leader) were benevolent (followed the will of heaven), the state will be peaceful and stable; if human (especially the leader) were cruel (violated the will of heaven), the state will be punished and come to disasters and crisis (Cao, 2008, pp. 137-138; Wen, 2012, pp. 70-72). In the early period of Han, people needed peaceful political environment to recovering normal life and production from the wars. As the result, Taoism's thought of "ruling by doing nothing, without disturbing the system" was the main political and social thoughts in this period of time (Jiang, 2010, p. 68). Until Han Wu Di realized that the country was peaceful and blooming again, and he desired to transform the nation into a strong and powerful empire. Taoism could not proactively fulfil the demand of Han Wu Di. On the other hand, Dong Zhongshu's Confucianism leadership believes and approaches were more suitable to support Wu Di to actualize such transformation (Hou, 2009, p. 31-32; Jiang, 2010, pp. 65-74). In a peaceful and blooming period, the foundation of social, political and economic system have to be unified from split, and Dong Zhongshu's Confucianism could provide the leader gaining the influential power over the followers, in order to actualize the national transformation through centralizing of power and consolidating the stability (the Great Unification). From the leadership point of view, such centralizing is mutually beneficial for both leaders and followers in social, political and economic contexts. In addition, it was possible for leaders to understood, empower and collaborate the followers, and thus promote the improve themselves (resonance between human beings and the heaven as a system, fundamentally system thinking) (Cao, 2008, pp. 137-138; Wen, 2012, pp. 70-72). The Confucianism believes also provided a substantial educational system in text with examination system strongly

linked with political promotions. Thus through Confucianism education system, majority of the Han population were well educated in both moral and knowledge context, many of them became the influential politicians and scholars (Jiang, 2010, pp.77-95). Another very important reason is that Confucianism as political leadership system promote the centralized and hierarchy system of ancient Chinese emperors, thus consolidate the central power of the government (Liu, 2002). It potentially preserved the supreme power of the leaders and harmonized mass people as followers through Confucianism education system.

Relationship between Taoism and Confucianism

Most of the time, comparing to Confucianism, Taoism continuously played a supplementary or back stage role in the history of the longstanding Chinese social development (Jiang, 2010, p. 141). In Taoism terms, understand the system through observe and develop the system are the key elements of Taoist leadership theories. In most of the cases, in terms of Chinese history, Taoist philosophy was engaged as a major political supplementary to the Confucianism. This is because Confucianism consider human as the essential element of universe (people-oriented), whereas Taoist consider appreciation of nature system are the most essential element of universe (Hou, 2009, pp. 58-59; Yu, 2007, pp. 108-109). Confucianism encouraged and educated people to improve the society actively and initiatively, whereas Taoist preferred to guide people find the way to improve themselves without disturbing the natural system. In comparison with Confucianism, Taoist philosophy is a well-established philosophy for leaders' personal development through appreciating the surrounding system (Cao, 2008, pp. 228-234). However, Taoism is too idealistic and sometimes isolated from the real world. It also seems lacking of realistic framework that could support the leader engage it as a political philosophy for the large scale governance (Cao, 2008, pp228-234). Whereas Confucianism seems to be a much more substantially infrastructure philosophy, because the main ideas of Confucianism conformed the bureaucratic requirement of Chinese leaders, and it could aid the leaders to build a strong centralized political system at national level, in terms of political, educational and social level (Cao, 2008, pp. 111-117).

The Background of Mo Tzu and the Relationship between Mohism and Confucianism

Mo Tzu was living in the Lu vassal state in the Spring and Autumn Period. Initially, he studied Confucianism, but he realized that Confucianism over focused on the importance of ceremony and hierarchy, which may cause great waste and unfairness of society, therefore, he gave up his study of Confucianism and created his own philosophy (Cao, 2008, p. 118; Xiang, 2000, p. 40). Although Mohism has disappeared from the mainstream thoughts of the Han dynasty, and it has not been emphasized by any emperor in Chinese history, the unique philosophical elements of Mohism are still employed by the leaders even now as a beneficial complementary to their mainstream leadership philosophy (Hou, 2009, p. 114).

The main differences between Mohism and Confucianism include: Mohism was entrusted by civilian and mass people since the liberation believe, whereas Confucianism was in favor of the ruling class and nobility for the promotion of hierarchy system. Moreover, Mohism emphasized universal love and equality, whereas Confucianism emphasized on ceremony and hierarchy (Yi, 2009, pp. 41-74). Mohism against waste, whereas Confucianism preferred the different forms of ceremony (e.g., musical activates, class differentiation and luxury ceremony) (Cao, 2008, p. 120, Chan, 1963, p. 227). Since Confucianism was set up as the dominating school in Han dynasty, Mohism has become a small stream in Chinese history. However, Mo Tzu's philosophy was kept in his book "Mo Tzu", and was spread till now. From the leadership thoughts of Mohism, it provides many enlightenments to modern leaders and mainly in strategic aspect, such as to set the shared mission and vision (unification), to treat followers equally and kindly (universal love), to gain different voice within the system

(communication and information flow), and to be encouragement of frugality, etc. (Cao, 2008, p. 120, Chan, 1963, p. 227).

Relationship between Legalism, Confucianism and Taoism

Compared with Legalism, Confucianism focused on governing country by benevolence, ceremony and trustworthiness; Taoism focused on developing oneself and following the nature cycle of the system. Both of them were sound philosophies, they believed that people could be improved and be goodness, but need longstanding commitment to achieve. As the result, in the crisis period, they seemed insufficient and idealistic to apply. Legalism considered that people are born evil, which cannot be changed and improved. Therefore the deployment of strengthened law to rule people through rewarding and punishment accordingly is considered as the most efficient and effective approach in a crisis period (Xiang, 2000, pp. 53-57; Yi, 2009, pp. 111-146). Consequently, Legalism was greatly improved during the Warring States and the Qin vassal state chose to completely follow the thoughts of Legalism. Eventually, Qin vassal state not only eliminated the other six strongest vassal states, but also aligned the whole region of China as a unified country. Qin vassal state later became the first feudalist country in Chinese history. However, 20 years later, the rapid collapse of the Qin legal system proved the failure of the deployment of harsh laws and brutal punishment in practice (Jiang, 2010, pp. 55-64). In other words, from system aspects, ignorance of the harmony and the balance of the system, and ignorance of the basic interests of followers would cause the breakdown of a system regardless the system's strength and scale (Si, 2008b, pp. 194-239). The Qin scenario revised by Legalism scholars and authorities in later period, who emphasized that the understanding of the importance of satisfying followers' interests as a basic principle for any Legalism practice.

Legalism's current influence on leadership practice

Although Legalism has not been the main concept for any leadership practice of the government after the Qin dynasty, leaders still engaging the Legalism philosophy as a fundamental basis for their legal infrastructure throughout the Chinese history (Cao, 2008, pp. 123-127). Many legalism philosophy is still implied in the current leadership practice. When a system is newly established, engagement of harsh laws could create fears amongst the followers and thus generate uncertainty and distrust of the leader. When a system is in crisis and collapsing, leaders should apply laws intensively to regulate the followers' behavior and regain the social order thus gradually restore the system by gaining the stability (Hou, 2009, pp.68-70). When a system faces challenge or needs a transformation, then leaders should transform the laws accordingly, in order to motivate and promote the follower take responsibility of any associated changes (Zhang, 2007, 292-296). In short, the Legalism philosophies provided some strategic insight for modern leadership practices. Including: establishing well defined laws to govern people (*fa*); engaging punishments and rewards as a strategic approach accordingly with the consideration of followers' emotional feeling (*shu*); understanding and driving the tendency or force of the system toward the shared propose (*shi*). These philosophical thoughts still add excessive value to modern leadership practices.

Militarism's modern influence

As Kissinger (2012, pp. 95-97) recalled that Many Mao's leadership approaches in the early stage of republican era is followed this strategy in order to eliminate the political ambition of the Soviet Union and the USA. In modern leadership theories, this psychology is also a very widely emphasised aspects, as Deming (2000b, p.107-109) claimed that it is crucial for any leadership practice with the basic knowledge of psychology. These three thoughts are still widely worshipped and engaged in modern leadership practices, which is why Sun Tzu's The Art of War is a timeless strategic textbook on leadership as well as managerial philosophy. Globally, many scholars and practitioners are making their interpretations from varies viewpoints and practicing the strategies in different field, such as political, social and business (Brahm, 2004; Fang, 2006; Jiang, 2010, p. 33; Wen, pp. 62-64).

Development of Mao's leadership

There are two main stage of Mao's leadership development. The first stage is from the 1930s (when Mao first became a party leader) to 1949, Mao's communist leadership stage; the second stage is from 1949 (when he became the chairman) to 1967 the end of culture revolution. In his early age as a young Communist party member, Mao is strongly influenced by his teacher and later father in law, names Mr. Yang Huaizhong. Mr. Yang is a well-recognized scholar as well as a senior party member, who have studied in Japan, Britain and other western countries for more than nine years. Yang's believe in foreign concepts is to thoroughly understand the current condition of China and then to blend other concepts with the basis of Chinese culture with great care. The reason for that is one can never change the existing culture, it is embedded with people's blood for many generations. Such practice have described by him as "revising our old learning in a new light" (Wang, 1991). Therefore, there are two major concepts that strongly influenced Mao's understanding of engaging Maxims and Leninism. Mao emphasized the importance of understanding the richness of the ancient Chinese philosophy, culture and history as hidden treasures for modern people (Kissinger, 2012, pp. 94-95 & 100-101). Mao also argued that through deeply understanding of the ancients, one could gain a better insight for the current situation, which is the prerequisite for any engagement of foreign philosophy (Kissinger, 2012, pp. 102-103). These two concepts not only encouraged him to give up the opportunity to study in France, but also provide a solid foundation for his later thoughts and behaviors on Chinese revolution.

Yang later introduced Mao to Li Dazhao, who is the pioneer and co-founder (with Chen Duxiu) of the Communist party in China in 1921. As mentioned by McDonald (2011), Mao later worked as librarian in the Peking University since autumn 1918. During this

period, under the influence of Li Dazhao many Marxism books (especially the *Manifesto of Communist Party* by Marx and Engels) have heavily influenced Mao's view on the requirements and approaches for Chinese revolution. Mao was deeply impressed by the philosophy of dialectical thinking which have inspired many of his later thinking (McDonald, 2011; Wang, 1991). He negative the Metaphysics thinking which is a traditional western philosophy and it consumed that everything is existing individually without change. Revolution is the transformation from the old to new. Mao believed that Observing, interpreting and solving the problem practical and systematically thus engaging the appropriate theories into practice is the key to successful transformation (Mao, 1991, p. 297).

The second stage of Mao's philosophical development is post 1949, when the Communist Party took over mainland China. As mentioned by the librarian (Pang Xianzhi) of Mao's private library, Mao's reading list is expanded from Marxism-Leninism classics to traditional Chinese philosophy classics and concentrated on Chinese historical books (Wang, 1991). There are many authors (McDonald, 2011; Kissinger, 2012; Wang, 1991; Zhang & Alon, 2009) have mentioned Mao's leadership has a strong shift from Marxism thinking to Chinese philosophy. It is agreed by Mao (1991, pp. 178-182), "revolution needs new thinking and ideology, governing a country needs learning from ancient philosophy". This reflects his concept of understanding people through history before ruling them. Mao was trying to seek the most appropriate approach for governing Chinese people.

The comparison between Mao and Deng's leadership concepts

A compare and contrast between the leadership concepts of Mao Zedong and Deng Xiaoping is shown below:

Dialectical materialism. Dialectic is an ancient Greek word that in favour of Plato in the Socratic dialogue. It is regarded as the one of the most significant way of seeking the truth by understanding the objects in different aspect (Zhang and Ou, 2000, pp. 14-34). As claimed by Mao (1991, pp. 299-337), all the Chinese Communist party leaders should be dialectical minded. The dialectical materialism is the essential concept of the Maxim-Leninism ideology. Both Mao and Deng are the faithful disciples of the dialectical materialism. It is a great thinking that provide people with a relative clear view of the two sides of the one thing. The dialectical materialism thinking became one of the essential basis of both Mao and Deng in their lifelong leadership practices. For instance, the initiative of the Culture Revolution is the result of Mao's debate of what is the true needs of Chinese people, Communism ideology or Materialism. Whereas, Deng's reason of launching the Economy Reform is the result of discovering the most suitable path to enable Chinese people achieving the Socialism, and thus have enough ability to bring the Communism ideology alive. Therefore, at the philosophical level, both Mao and Deng are respectable dialectical materialism practitioner.

Understanding the system and system thinking. During their lifelong leadership experience, both Mao and Deng has emphasized the importance of understanding the holistic picture of the country. As claimed by Mao (1991, p. 109-118), "leaders of the government at every level have to understand the holistic picture of the revolution. It could provide a detailed picture of their own contribution towards the overall goal of the central committee". This is coincidently comparable to "the Understanding of the

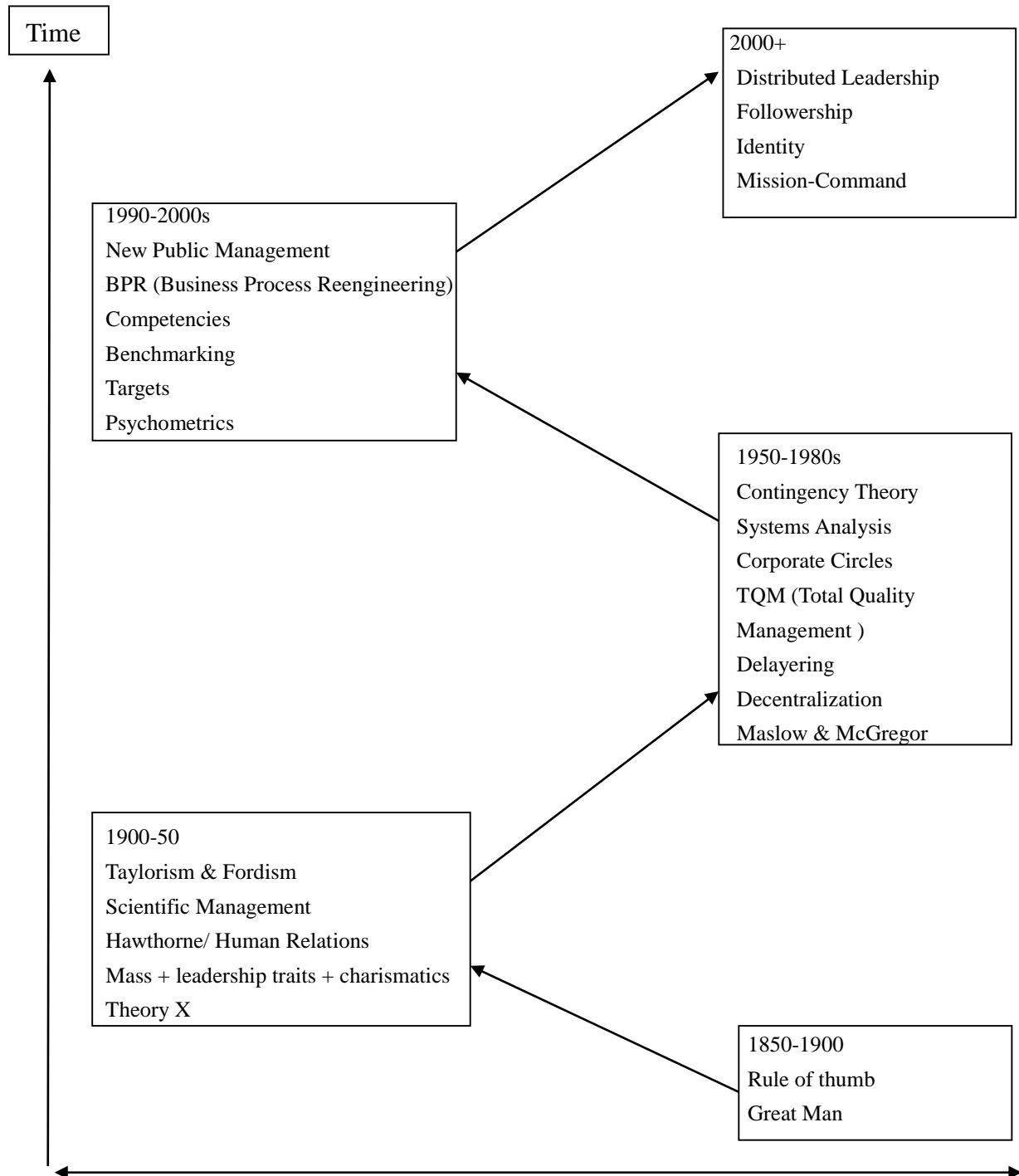
System” in “System of Profound Knowledge” introduced by Dr Deming (2000b, p. 95-98). The rough and rugged paths of political life and the three time dismiss experience provided Deng the opportunity to gathering the holistic picture of Chinese society in many different angles. It is not only the holistic picture of the country but also the most desirable needs of the people, which is the treasured truth of the Chinese revolution since late 19th century. Such understanding enabled Deng’s determination towards the Economy Revolution in 1978. Therefore, despite of their choice of political approaches, both Mao and Deng’s leadership experience have sent a strong signal on the importance of holistic understanding of a system at every level is crucial for any leadership practices. The new chairman of China Xi Jinping also claimed the importance of system thinking by using the classic story of blind man touching different parts of an elephant “The blind man who felt the leg believed it was a pillar, the blind man who felt the back believed it was a wall. None reached the truth because all of them failed to feel the whole elephant and get the whole picture” (Kuhn, 2011, p. xxvii).

Transformation. Both Mao and Deng have emphasized the importance of transformation. As Mao (1991, pp. 299-304) claimed the only constancy in the universe is change, however, there are two sides of the changes, we can overcome the changes through transformation. Deng had a similar mind about transformation, as recorded by Kissinger (2011, p. 442), “(continuous) development is the absolute principle”. The importance of transformation has been built in Chinese political leadership thoughts, as the new wise-president Li Yuanchao noted “of course, the world keeps changing” “we have a metaphor in Chinese that the world is like the clouds in the sky, always changing” (Kuhn, 2011, xxi). In fact both Mao and Deng’s life are a continuous transformation process, they began with late 19th Century Reformation and the end of feudal Dynasty, through the wars and revolutions (Second World War, Domestic War and the Liberation War), and finished their life with continuous reform of the modern China. Not only their own life is full of transformation, but also leading Chinese people through countless

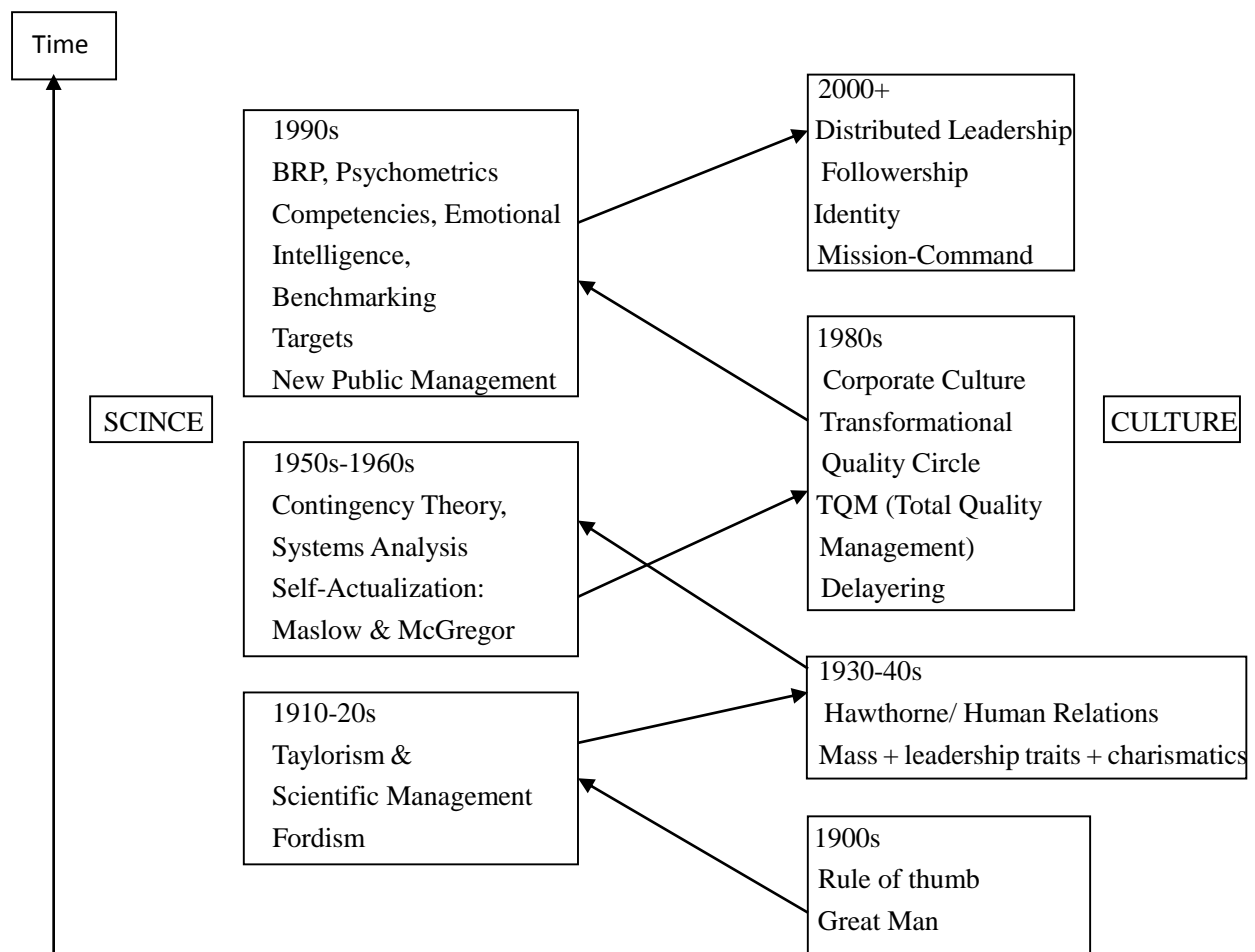
transformations in last 100 years. As the ancient Chinese phrase emphasized, “life is like sailing in a rushing stream, either keep forward or lost behind.” The story of the two greatest men in Chinese modern history shown the future leaders that continuous transformation is the most powerful approach towards the constancy of changing in our life.

The historical background of Western leadership theory

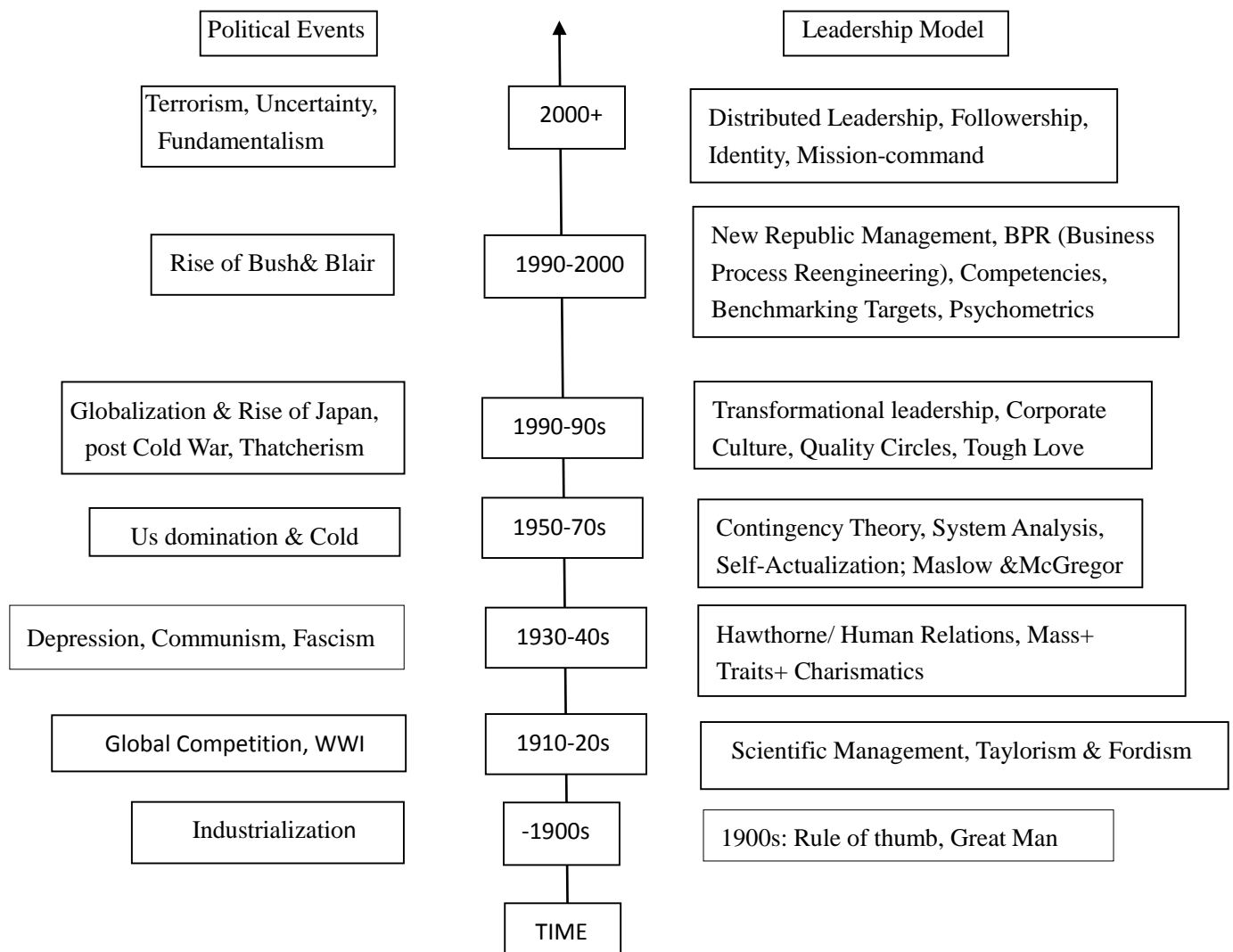
Binary model A: centralization- decentralization (Source: Bryman et al., 2011, p. 11).



Binary model B: science vs culture (Source: Bryman, et al., 2011, p. 12).



Political Zeitgeist (Source: Bryman, et al., 2011, p. 13)



Great man theory

Originally, leadership means in both political and organizational categories, and they learn and refer to each other (Burns, 1987, pp. 1-5). In late 19th century and early 20th century, Great Man theory was believed as one of the most important leadership theory, and it is at the heart of old psychology of leadership (Bryman, et, al, 2011, p.8-14; Haslam, Reicher and Platow, 2011, p. 2). Tracing back the history of Great Man theory, its earliest formal statement can be found in Plato's *Republic*, and in the following 2000 years Great Man theory was considered as the cornerstone of traditional academic and prevalent believes of Western leadership (Bryman, et al., 2011, p.8-14; Haslam, Reicher and Platow, 2011, p. 2-3). The core of Great Man theory is that people praise an individualistic understanding of leadership, and people believe that great leaders are as heroic, normative, superior, special and different in orientation and nature. (Bryman, et al., 2011, p.8; Haslam, Reicher and Platow, 2011, p.1)

Trait theory

At the beginning, the appearance of the Western business leadership model was following the trend of the development of Scientific Management (e.g., Taylorism and Fordism 1910-1920s), which defined the leaders as people with knowledge of production and power to control and generate production (Bryman, et al., 2011, p.8-9). In this case, the initial understanding of Western business leadership is based on individualistic (personal factors). Under such basis as a fundamental interpretation of leadership, an important leadership theory was launched in the early 20th century, and that is the well debated Trait theory (Bass and Bass 2008, p. 81-102). Trait theory assumes that leaders are “in possession of special, unique, or extraordinary personality attributes, abilities, skills, or physical characteristics that others did not have” (Nohria

and Khurana, 2010, p. 122; Stogdill, 1948). For instance, in Ralph Stogdill's important publication in 1948, he tried to determine the traits and characteristics of leaders by reviewing 128 published studies (Bass and Bass 2008, p.81-102; Stogdill, 1948). In 1974, he reviewed the published studies of leadership between 1945 and 1970, and he corrected and improved his finding of leaders' traits. These traits and characteristics included physical characteristics (e.g. age, physique and energy), social background (e.g. social status, nobility and education), intelligence and ability, and personality (Bass and Bass, 2008, p.81-102; Stogdill, 1974). Traits theory pointed out that leaders with certain skills, characteristics and similar backgrounds are more likely to succeed. However, as time passed by the inadequacy of trait theories were appeared: why people with these special attributes did not rise to become leaders; why traits theories can only explained limited successful cases; leaders cannot for all situations, in different situation, different leadership skills and traits were required (Bass and Bass 2008, p 94-103; Nohria and Khurana, 2010, p. 122). Some authors (e.g., Bass, 1990, p. 76; Northouse, 2010, pp. 26-27) even argued that it is a false statement which using the result to answer the question, which means that the traits of the great leaders are the result rather than the reason enabling them to become a great leader.

Behavioural theories

From 1940s, the appearance of behavioural science (e.g., Hawthorne Effect and Human Relations 1930-1940s, and later the McGregor's Theory X and Theory Y 1960s) provided a new dimension to analyse and improve the understanding of Western leadership (Bryman, et al., 2011, p. 8-14). The behavioural approach focus on "what leaders do" and "how they act" rather than "who they are" (Nohria and Khurana, 2010, p. 122; Northouse, 2010, p. 69). Behavioural theories aim at through observe and research leaders' behaviours in order to improve leadership performance by codify the

key abilities and skills. And these theories believed that leaders are not born; leaders are made (Western, 2008, p.30). Because behavioural theories focus on leaders' action style, therefore there were many different leadership styles were pointed out and discussed (Nohria and Khurana, 2010, pp. 122-123; Northouse, 2010, pp. 69-88). Researchers categorized leadership style into two main streams: task orientation (or task behaviours) and people orientation (or relationship behaviours) (Nohria and Khurana, 2010, pp. 122-123; Northouse, 2010, p. 69). Task orientation emphasizes on achieving work objectives, organizing, structures, rules or design; and people orientation focuses on the interpersonal relationships between leaders and followers, and the consideration of followers (Nohria and Khurana, 2010, p. 122-123; Northouse, 2010, p. 69). Leaders need to select and combine both streams of orientation together to reach the goal efficiently and effectively. Therefore the different combination these two orientations generated many different styles. Based on the work of Lewin, Lippitt and White (1939), the early three basic leadership styles are autocratic, democratic, and laissez-faire. Other important research of leadership styles include: by analysing the abundant responds of Leaders Behaviour Description Questionnaire (LBDQ, originated by Stogdill, 1963), the Ohio State studies in late 1940s found two general types of leader behaviours, namely *initiating structure* and *consideration* which are essentially based on task behaviours and relationship behaviours (Northouse, 2010, pp. 70-71; Stogdill, 1974); the University of Michigan studies in 1960s, this research identified two types of leadership behaviours namely *employee orientation* (similar to consideration in the Ohio State studies) and *production orientation* (similar to initiating structure in the Ohio State studies) (Katz & Kahn, 1951; Northouse, 2010, pp. 71-72); Blake and Mouton's Leadership Grid was appeared in the early 1960s, and it was designed to explain how leaders can support their organizations to achieve their purposes through *concern for production* and *concern for people* these two factors. The behavioural theories provide more dimensions and wider understanding of leadership. Alone with these advantages, the disadvantages of behavioural theories are also well notified: it is

difficult to identify the abstracted concepts of behavioural types (Yukl, 1989); it still failed to find out a universal leadership style that could be effective and efficient in different settings (Nohria and Khurana, 2010, pp. 122-123, Northouse, 2010, p. 79).

Contingency theories

Up until behavioural theories, the key point of Western leadership research still focused on personal factors, although traits theories were from individuals' charismas dimension whereas behavioural theories were from the dimension of individuals' activities. However, the nature of human society is full of variables, different variables composed countless situation. Both of them seem less effective in different situations (Bass and Bass, 2008, p.101; Northouse, 2010, p.26 & 49). The limitations of Trait theories and behavioural theories encourage Western scholars to explore more situational specific theories of leadership. In 1950s-1960s, the general contingency theory was provided by Fred Fieldler in 1964 as a radical development of Western leadership theory (Bryman, et al., 2011, p. 9). The main idea of contingency theories is that leadership is the product of a "perfect match" between the leader and the situation he or she leads (Haslam, Reicher and Platow, 2011, p. 24). There may not be a universal way to lead; leaders need rational understanding of the situation and responding appropriately (Bryman, et al., 2011, p. 9; Nohria and Khurana, 2010, p.123). In other words, leaders should choose the suitable style to lead by thoroughly evaluating the specific situation. Contingency theories focus on the aspect of leaders' environment and condition, such as the "favourableness of the environment for the leader (Fiedler, 1964), the relative complexity of the task and expertise of followers (Vroom and Yetten, 1973), and the dyadic relationship between leaders and followers (Graen, Liden and Hoel, 1982.)" (Nohria and Khurana, 2010, pp.123-124). Although contingency theories provided more flexible and supple models of leadership, the particular situations are

fairly local and narrow, in reality, contingency theories may be too complex to apply, and it may ignore the psychology of followers (Haslam, Reicher and Platow, 2011, p. 28; Nohria and Khurana, 2010, p.124).

Transactional leadership

When Western scholars and researchers kept exploring any new philosophies or dimensions to analyse and improve leadership theories, the world has changed dramatically, especially from 1980s. The tendency of the world has changed from global competition to globalization (Bryman, et al., 2011, pp. 9-14). Meanwhile, the extensive application of natural science and social sciences (System Analysis, Self-Actualization, Corporate Culture, Quality Circles, TQM (Total Quality Management, New Public Management etc.) helped the leadership theories become more comprehensive, substantial and conceptual (Bryman, et al., 2011, pp. 9-14). Importantly, a number of these new theories and approaches build on and extend the earlier advances of Trait, behavioural, and contingency theories (Bryman, et al., 2011, pp. 9-14; Nohria and Khurana, 2010, pp.124-125). The mostly discussed leadership theory in recent years is transformational leadership, which is always mentioned and compared with transactional leadership (Bass and Riggio, 2006, xi-xiii). As scholars realized that under an operating system, the previous leadership research more focused on leaders, and the followers' psychology was ignored (Bass, 1990, p. 339). The new researches tend to emphasize the importance of followers and fellowship. Transactional leadership is neither simply of leaders to situation nor of leader to follower. It is about leaders and followers cooperate with each other in order to create a mutual beneficial relationship for each of them (Bass and Bass, 2008, p. 22; Haslam, Reicher and Platow, 2011, pp.30-32). Edwin Hollander from the City University of New York (e.g. 1964, 1985, 1993, and 1995) was one of the first people in modern psychology to appreciate the

importance of fellowship and to understand followers, because they should be initiatively and positively involved into leadership project (Bennis, 2000; Haslam, Reicher and Platow, 2011, pp.31). In terms of transactional leadership, effective leadership means a maximization of the mutual benefits that leaders and followers provide each other, and the quality of relations between leaders and followers are the key (Haslam, Reicher and Platow, 2011, pp.30-32). The critical issue of transactional leadership is that it leaves no place for leaders to create a new sense of value or new reserves of power; it seems that the function of leadership is the ability of reward or punishment (Haslam, Reicher and Platow, 2011, p.32). As criticized by Haslam, Reicher and Platow (2011, p.37), “models of leadership that have no place for creativity, agency, and change are models without a heart”.

Transformational leadership

By understanding the drawbacks of transactional leadership and other previous leadership theories, in 1978, James MacGregor Burns conceptualized the principles of transformational leadership in his Pulitzer Prize-winning text *Leadership* (Bass and Riggio, 2006, p. 3). As a political scientist, Burns’ transformational leadership theory was originally formed in political field. He considered that leadership is either transactional or transformational, and transactional leadership is like “exchange one thing for another: jobs for votes, or subsidies for campaign contributions” (Burns, 1978, p. 4). In organizational management aspect, transformational leadership was thoroughly discussed by Bernard M. Bass. Compared with the equally exchange based transactional leadership, transformational leaders encourage and inspire followers to both achieve extraordinary outcomes and develop their own leadership capability in the process (Bass and Riggio, 2006, p. 3). What transformational leadership adds to the transactional exchange is that “leadership must also address the follower’s sense of self-

worth to engage the follower in true commitment and involvement in the effort at hand” (Bass and Riggio, 2006, p.4). As stated in Maslow's hierarchy of needs, the followers may desire a higher physiological requirement (Maslow, Stephens and Heil, 1998, pp. 67-80). In addition, transformational leaders motivate followers to do more than they originally intended and thought possible (Bass, 2008, p. 619; Bass and Riggio, 2006, p. 4). Scholars (Bass and Bass, 2008, pp. 620-623; Bass and Riggio, 2006, p. 5; Northouse, 2010, pp. 173-175) also realized the close relationship between transformational leaders and charisma: the charismatic leader is more likely to be transformational, but charisma is only part of transformational leadership. The main factors of transformational leadership are idealized influence, inspirational motivation, intellectual stimulation, and individual consideration (Bass and Riggio, 2006, p.5-7). Actually, transactional and transformational leadership were two positively interrelated dimensions, transformational added to transactional leadership effects, and in most cases they are complementary to each other (Bass and Bass, 2008, p. 618).

Management science

Overall, leadership development history is moving from “who they are” to “what they do” and finally to “when they do what” (Nohria and Khurana, 2010, p. 126). In other words, the focus dimension is moving for point (leader) to line (leader and situation) to surface (leader, follower and situation); and the current trend of Western leadership research is moving from surface (leader, follower and situation), to the cubic (operating system). In addition, in the development process of leadership, many significant researches have been accomplished by the Western management scientist, namely Adair, Covey and Deming etc.

The various definition of leadership

Bass (1990, pp. 19-20) defined leadership as following:

- Leadership is an interaction between two or more members of a group that often involves structuring or restructuring of the situation and the perceptions and expectations of the members. Leaders are agents of change--persons whose acts affect other people more than other people's acts affect them. Leadership occurs when one group member modifies the motivation or competencies of others in group.

Yukl (2013, pp. 18-19) listed some representative definitions of leadership presented over the past 50 years.

- Leadership is "the behaviour of an individual ...directing the activities of a group toward a shared goal" (Hemphill & Coons, 1957, p. 7)
- Leadership is "the influential increment over and above mechanical compliance with the routine directives of the organization" (Katz & Kahn, 1978, p. 528)
- Leadership is "the process of influencing the activates of an organized group toward goal achievement" (Rauch & Behling, 1984, p. 46)
- "Leadership is about articulating visions, embodying values, and creating the environment within which things can be accomplished" (Richards & Engle, 1986, p. 206)
- "Leadership is a process of giving purpose (meaningful direction) to collective effort, and causing willing effort to be expended to achieve purpose" (Jacobs & Jaques, 1990, p. 281)

- Leadership “is the ability to step outside the culture... to start evolutionary change processes that are more adaptive” (Schein, 1992, p. 2)
- “Leadership is the process of making sense of what people are doing together so that people will understand and be committed” (Drath & Palus, 1994, p. 4)
- Leadership is “the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organization...” (House et al., 1999, p. 184)

Dubrin (2007, pp. 2-3) in his book *Leadership* also summarized some representative definition of leadership, include:

- The ability to inspire confidence and support among the people who are needed to achieve organizational goals (Kim and Maubourgne, 1992)
- Interpersonal influence, directed through communication toward goal attainment
- The influential increment over and above mechanical compliance with directions and orders
- An act that causes others to act or respond in a shared direction
- The art of influencing people by persuasion or example to follow a line of action
- The principal dynamic force that motivates and coordinates the organization in the accomplishment of its objectives (Bass, 1990, pp. 11-18)

Leadership versus management

As mentioned at the beginning of the history of Western modern leadership, the development of leadership model was initially following the trend of Science Management development. As leadership has become to an individual science, nowadays, the difference between leadership and management is a well-argued topic by many management scientist, namely, Adair, Bennis, Covey, Deming and Kotter etc. (Table 1)

Leadership	Managements
“Leaders are people who do the right thing; -Warren Bennis	Managers are people who do things right.”
“Leadership is about coping with change.” -John Kotter	“Management is about coping with complexity.”
“Leadership has about it a kinesthetic feel, a sense of movement... -Kouzes and Posner	Management is about ‘handing’ things, about maintaining order, about organization and control.”
“...Leaders are concerned with what things mean to people” -Abraham Zaleznik	“Managers are concerned about how things get done.”
“Leaders are the architects... -John Mariotti	Managers are the builders.”
“Leadership focuses on the creation of a common vision... -George Weathersby	Management is the design of work...it’s about controlling...”

Table 1. Small sampling of leading authors’ description of the differences between leadership and management (Covey, 2004a, p. 100)

Adair (Thomas, 2008, p.132) argued: “managers became leaders when their personality and character, their knowledge and functional skills of leadership are recognized and

accepted by others.” Management is more objective, whereas the leadership is the more human side of the management. Adair’s understanding of leadership in favour of the Trait theory yet rather systematically. Moreover, Bennis (Bennis and Biederman, 2009, p.211) believed that leaders are innovator who aimed at long term vision through transformation by inspiring people with trust and encouragement. Whereas managers are administer who focused on short term task through stabilizing by controlling people with cold financial figures. Bennis (Bennis and Biederman 2009, p.210) also summarized: “manager does things right; the leader does the right thing”. Likewise, Covey (1992, pp.19-25) has emphasized leadership is principle-centred; such principle is like a compass that provide vision and direction for the leadership. Instead of having the traditional management, transformation requires the principle-centred leader empowering the team members through the shared vision and principles at organizational level.

John P. Kotter has clearly distinguished leadership from management (Table 2) in his book *A Force for Change: How Leadership Differs from Management*, which was believed as remarkable. He said that

“the distinction between leadership and management is similar in some ways to what Burns (op. cit.) and Bass (Leadership and Performance Beyond Expectations, Free Press, 1985) have called transformational leadership versus transactional leadership” (Kotter, 1990, p. 166).

Management**Leadership**

Creating an agenda	Planning and Budgeting- Establishing detailed steps and timetables for achieving needed results, and then allocating the resources necessary to make that happen	Establishing Direction- Developing a vision of the future, often the distant future, and strategies for producing the changes needed to achieve that vision
Developing a human network for achieving the agenda	Organizing and Staffing- Establishing some structure for accomplishing plan requirements, staffing that structure with individuals, delegating responsibility and authority for carrying out the plan, providing policies and procedures to help guide people, and creating methods or systems to monitor implementation	Aligning people- Communicating the direction by words and deeds to all those whose cooperation may be needed so as to influence the creation of teams and coalitions that understand the vision and strategies, and accept their validity
Execution	Controlling and Problem Solving- Monitoring results vs. plan in some detail, identifying deviations, and then planning and organizing to solve these problems	Motivation and Inspiring- Energizing people to overcome major political, bureaucratic, and resource barriers to change by satisfying very basic, but often unfulfilled, human needs
Outcomes	Produces a degree of predictability and order, and has the potential of consistently producing key results expected by various stakeholders (e.g., for customers, always being on time; for stockholders, being on budget)	Produces change, often to a dramatic degree, and has the potential of producing extremely useful change (e.g., new products that customers want, new approaches to labor relations that help make a firm more competitive)

Table 2. Compare management and leadership (Kotter, 1990, p. 6)

Moreover, Dr E. Deming is rather legendary amongst all (Deming, 2000a, p. vii). He is regarded by the Japanese as the most philosophical and profound management guru in the last century. He is considered as “meritorious statesman” who guided and supported the Japanese restored and transformed their economy with his profound understanding of management after the Second World War. 30 years later, He is recalled by the US business world as the spirit to save the US from losing competitive advantages with Japanese booming in the 80s (Deming, 2000a, p. vii). There are many Deming’s leadership thoughts that are still profound for modern business (Bass and Bass, 2008, p. 627). Deming (2000a, 248-249) describe leadership as the process of the recognition and understanding of an organization as a system, and the continuous transformation of such system with the members of the organization collectively. Deming (2000a, p.54) argued that traditional management is supervising and controlling people toward given objectives, whereas leadership is coaching and influencing people towards the shared mission and vision towards the continuous system transformation.

Furthermore, Kotter (1999, p.51) have argued: “leadership and management are two distinctive and complementary action”. Kotter (1999, pp.52-54) differentiating Leadership from coping with changes to management coping with complicity of modern organization. They are both necessary and mutually beneficial to the organizational system. In terms of business, Kotter (1990, pp.4-5) quoted management “brought a degree of order and consistency” of the process of the complex modern business, while leadership facilitated the movement or the flow toward transformation. Kotter’s idea of leadership is parallel with the Chinese philosophy of Lao Tzu about the flow of the system (Wen, 2012, p38).

To sum up, in terms of cubical (operating system) view of leadership, it is more transformational whereas management is more transactional. Leadership cultivates the sophisticate soul of the system, whereas management mentions the complex body of

the infrastructure. To transforming the rather sophisticate and complex modern organizations, both leadership and management is vital for success.

Charismatic Leadership

When scholars (Bass and Bass, 2008, p. 620; Northouse, 2010, pp. 173-175) discussed transformational leadership, there is another leadership theory which always mentioned: charismatic leadership theory. This is because that charismatic leadership is described in some ways similar to transformational leadership (Bass and Bass, 2008, pp. 580-581; Northouse, 2010, p. 173). Charisma was firstly introduced to the study of leadership by the German sociologist Max Weber in early twenty century, and he pointed out that charismatic leader was “a mystical, narcissistic, and personally magnetic savior with extraordinary capabilities and doctrine to promote” (Bass and Bass, 2008, p. 575). In addition, Weber did not only emphasize on charisma as a personality characteristic, he also considered the importance relationship between charismatic leaders and their followers (Northouse, 2010, p. 173). House (1977) developed Weber’s concept of charisma, and he theorized charismatic leadership. In House’s opinion, charismatic leaders are “leaders who act in unique way that have specific charismatic efforts on their followers” (Northouse, 2010, pp. 173-174) (also see Table below).

Personality, Characteristics, Behaviors, and effects on Followers of Charismatic
Leadership (Northouse, 2010, p. 174)

Personality Characteristics	Behaviours	Effects on followers
Dominant	Sets strong role	Trust in leaders' ideology
Desire to influence	model	Belief similarity between
Self-confident	Shows competence	leader and follower
Strong moral values	Articulates goals	Unquestioning acceptance
	Communicates high	Affection toward leader
	expectations	Obedience
	Expresses confidence	Identification with leader
	Arouses motives	Emotional involvement
		Heightened goals
		Increased confidence

Bass analyzed that charisma can be seen as a component of transformational leadership, he said that “the charismatic leader is likely to be transformational, but it is possible — although unlikely-to be transformational without being charismatic” (Bass and Bass, 2008, p. 575 & 620).

Deming's concept of SOPK

There are four main factors of SOPK (System of Profound Knowledge), namely “Appreciation for a system, Knowledge about variation, Theory of knowledge, and Psychology” (Deming, 2000b, p.93). Appreciation for a system: to understand the concept of system and to recognize the system surrounding is crucial. Knowledge about variation is a sound measurement of the process of a system and the performance of the people within this system. Theory of knowledge: as it has been mentioned in previous paragraph, information plays significant role in modern leadership system; however, information is not knowledge. There is a need for the theory to transform the information into knowledge. Psychology: people as the most important part of business system, has to be understood by their leaders. The ability to understand people becomes the key factor to drive a business in modern world (Deming, 2000b). The four factors of SOPK are interdependent and interrelated, they work together to provide a multi-dimensional understanding of the organization and the overall system. The leaders need to take the understanding of SOPK as a dimension to interpret and transform the information into organizational knowledge. The interpreting and transforming process of organizational knowledge from information is the organizational learning process.

System of Profound Knowledge

[c]

Dr. W. Edwards Deming denounced the prevailing style of management as tyranny (Deming, 1994:xv)

"The huge, long-range losses caused by this style of management have led us into decline. Most people imagine that the present style of management has always existed, and is a fixture. Actually, it is a modern invention - a prison created by the way in which people interact. This interaction afflicts all aspects of our lives - government, industry, education, healthcare. We have grown up in a climate of competition between people, teams, departments, divisions, pupils, schools, universities. We have been taught by economists that competition will solve our problems. Actually, competition, we see now, is destructive. It would be better if everyone would work together as a system, with the aim for everybody to win. What we need is cooperation and transformation to a new style of management."

Deming proposed a system of profound knowledge comprising:

- Appreciation for a system
- Knowledge about variation
- Theory of knowledge
- Psychology

System of Profound Knowledge Summary

[c]

The following material has been summarised from Deming (1994:Chapter 4).

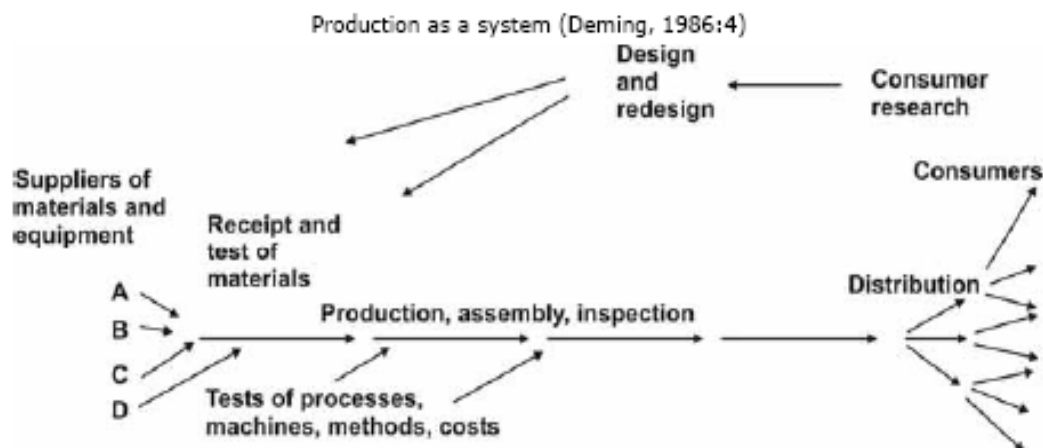
Deming taught that we cannot transform an organization without first transforming ourselves. The system of profound knowledge can be used as a basis for all decisions and the individual who understands and adopts these principles will (Deming, 1994:93):

- Set an example
- Be a good listener, but will not compromise
- Continually teach other people
- Help people transform their practices and beliefs

For the system of profound knowledge to work, all of its components have to be used; failure to understand and adopt any one of the principles will lead to a failure to transform.

Appreciation for a system

Failure to work as a system leads to sub-optimization. Departments in an organization that seek to optimize their performance may cause sub-optimization of the whole. Departmental optimization may lead to a lack of inter-departmental cooperation. Everyone is too busy optimizing their department to consider that sub-optimization in one area may be necessary to achieve organizational goals.



The greater the interdependence between the component parts of the system, the greater is the need for cooperation to achieve optimization of system performance.

Knowledge about variation

Variation is part of our everyday lives. Both at work and in our private lives we make allowances for its effects from the process of getting to work in the morning to the output of a complex system. However, whilst an intuitive approach to deciding how long we allow ourselves to get to work may be perfectly adequate, a similar approach to managing processes at work may not be desirable. If we wish to optimize our processes as part of the quest for excellence, we need greater understanding of the variation in our processes. There are four potential causes of variation that can affect a process:

COMMON (UNASSIGNABLE) CAUSE VARIATION

Common cause variation is variation that is inherent in the process and thus requires fundamental

action on the process to reduce it.

SPECIAL (ASSIGNABLE) CAUSE VARIATION

Special cause variation is variation due to transient causes outside the process which can often be identified. In many cases action can be taken to eliminate or achieve a reduction in the future effect of these 'transient problems'.

CYCLICAL VARIATION

As the name implies cyclical variation refers to causes of variation that follow a non-random repeating pattern. This form of variation is frequently difficult or expensive to control.

TAMPERING

Tampering is a very serious cause and one that often goes unnoticed. The principal cause of this type of variation is treating a common cause as a special cause. The result is the introduction of greater variation into the system.

A process operating with solely common cause variation is said to be stable or *in statistical control*. The output of such a process is predictable within limits that can be calculated from recent data. On the other hand, a process operating with one or more of the other forms of variation is unstable or *out of statistical control* and is, therefore, unpredictable. It is the task of management to differentiate between processes operating under unassignable and assignable causes of variation and to take the appropriate action to reduce or eliminate these causes of variation.

Theory of knowledge

"The theory of knowledge teaches us that a statement, if it conveys knowledge, predicts future outcome, with risk of being wrong, and that it fits without failure observations of the past. Rational prediction requires theory and builds knowledge through systematic revision and extension of theory based on comparison of prediction with observation." (Deming, 1994:102)

Deming is saying that no theory is ever proved. Successive observations that support a theory provide more confidence in the theory, but it takes only one observation that does not fit the theory to demand revision of the theory or even require a new theory. In his seminars Deming would say, "Working hard without knowledge is our downfall, there is no substitute for knowledge" and, "Beware of numbers, you had better know what they mean. Be guided by theory." How can we learn if we do not compare observations with theory? Only through the use of theory can we make a prediction. Many attempts have been made in the past to copy successful organizations. Without understanding the theory that underpinned that organization's success, such attempts to copy are likely to fail.

Psychology

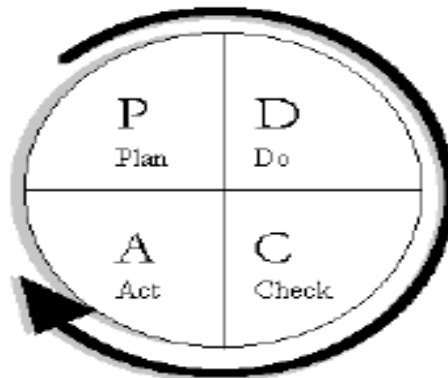
Organizational systems comprise people, and it the ways in which people in the system interact with each other, how they are motivated, and how they learn that will be a major determinant of system success. Psychology helps us to understand people, to recognise that people are individuals. Managers must be aware of these differences so that they can use this knowledge to optimize the contributions of people in the system.

PDCA cycle and Continuous Improvement

PDCA cycle and Continuous Improvement

The Excellence Model's results orientation provides a means through which an organization can monitor its performance so that it can achieve continuous improvement as part of what Deming (1986: 88) named the Shewhart cycle of **plan**, **do**, **check**, **act** (PDCA).

The PDCA cycle. After Deming (1986:88)



STAGE 1. PLAN

Identify the most important contributions that the team could make and analyse what changes would be required to achieve them. If necessary, identify data and methods of collection and analysis that are required to monitor progress.

STAGE 2. DO

Conduct the change, preferably on a small scale.

STAGE 3. CHECK

Observe the effects of the change.

STAGE 4. ACT

Analyse the results to understand what we have learned from the change and the extent to which we can predict what will occur in future with respect to this change.

STEP 5. RETURN TO STAGE 1.

POTENTIAL IMPACT ON THE ORGANIZATION

The needs and expectations of all stakeholders are constantly changing and becoming more demanding. To achieve excellence, an organization has to be responsive to these changing needs and to predict them by monitoring and analysing stakeholder experience and perceptions of both its own stakeholders and those of its competitors (EFQM, 2003a). By using the Shewhart cycle, organizations can use the information that it gathers to set, review and improve

strategies and policies that are deployed throughout the organization.

As the organization matures its capability to monitor results will move from identifying its stakeholders to understanding their needs to having processes that balance the expectations of all stakeholders (EFQM, 2003a). In time this will provide sustainable benefits to all stakeholders through an understanding of their current and future needs and mechanisms to consistently deliver results.

The Questions of the Semi-structured Interview

1. Background of Company

In order to have a better idea of the whole interview, firstly, could you please give us some insights about your company?

- (1) What is the size of your firm? (The number of employees, the square meter of the site, the total sales volume and profit, etc.)
- (2) What are the main products and service that your firm provides?
- (3) What is the current management system in your firm?

2. Understanding the Leaders and Leadership (Based on Bennis, 1989, p. 7)

- (1) How would you define leadership?
- (2) What do you believe are the three most important qualities of leadership?
- (3) What experiences were vital to your leadership development?
- (4) Any education background associated with leadership?
- (5) What were the turning points in your leadership experience?
- (6) What role has failure played in your leadership experience?
- (7) How and what did you learn?
- (8) Are there any people in your life, or in general, whom you particularly admire?
- (9) What can organizations do to encourage or stifle leaders?

3. The Current State of Leadership System in Chinese Business

- (1) This research aims to compare and contrast Chinese and Western leadership system, therefore could you please talk about your understanding of current state of leadership system in Chinese organizations?
- (2) Which leadership style do you think is most appropriate in current situation?

Can you explain the reason?

- (3) What is the main current leadership style in your firm?
- (4) What is your interpretation of the traditional Chinese value in modern leadership system, such as Confucianism, Buddhism and Maoism?
- (5) What is your opinion on Western leadership theories, or did you ever think about to apply one? Can you explain the reason?
- (6) Have you heard about transformational leadership?
- (7) If you are applying any Western leadership theory in practice now, how are you applying it, and what do you think the result is? What is your experience of the application? Are there any problems or barriers of such application?
- (8) In your opinion, what are the differences and similarities between Chinese and Western leadership style?

4. Exploring the New Model

- (1) The further research objective is to develop a model which can combine the Chinese practice experience and Western leadership theories. Therefore the following question is: Do you think the combination of ancient Chinese values and Western leadership theories is the tendency in nowadays?
- (2) If there is a new model which can combine the core value of both Chinese and Western leadership theories, what is the key requirement for such model?
- (3) What are the possible problems or barriers? What are the possible solutions for the application?
- (4) Are there any pre-requisites for a leadership transformation?

Topic Agenda of Focus Group (Based on Bryman and Bell, 2003, p. 378)

1. Introduction (15 mins.)

Introduce the research team and roles

Aim and format of the focus group

Conventions (confidentiality, speak one at a time, recordings, everybody's views, open debate, report of proceedings)

Personal introduction of participants and their business

2. Discussion Topics

(1) The ideal characteristic of a leader (15mins)

(e.g., motivation)

(2) "Good" or ideal practice of leadership (20mins)

(e.g., based on trust and commitment)

(3) Problems associated to the current leadership (20mins)

(e.g., autocratic)

(4) Free discussion on leadership (20mins)

3. Summing Up

Thanks for participation and report back

Invite back to next event in 6 months

Reimburse expenses

4. Lunch

Chinese lunch

Close

The questions of expert opinion interview

1. What is your first expression of this model? Is it easy to understand?
2. What do you think the logic of this model?
3. Based on your knowledge, what do you think of this model in theoretical level?
4. Based on your experience, do you think this model is practical?
5. What advantages and disadvantages would you like to point out?
6. What are the possible barriers and problems of the model in practice?
7. Do you have any suggestions for further improvement of the model?

A Checklist of Ethical Issues (Gray, 2009, p. 92)

ETHICAL ISSUE	DESCRIPTION
Privacy	The right not to participate. The right to be contacted at reasonable times and to withdraw at any time.
Promises and reciprocity	What do participants gain from cooperating with the research? If promises are made (such as a copy of the final report) keep them.
Risk assessment	In what ways will the research put people under psychological stress, legal liabilities, ostracism by peers or others? Will there be political repercussions? How will you plan to deal with these risks?
Confidentiality	What constitutes the kinds of reasonable promises of confidentiality that can be honoured in practice?
Informed consent	What kind of formal consent is necessary and how will it be obtained?
Data access and ownership	Who will have access to the data and who owns it? Make sure that this is specified in any research contract.
Researcher mental health	How will the researcher be affected by conducting the research? What will they see or hear that may require debriefing or counselling?
Advice	Who will the researcher use as a confidant (e) or counsellor on issues of ethics during the research?

Declaration of interviewees and experts

Declaration

I, undersigned Mao Xiaomao, male, the vice chairman of the China Minmetals Corporation

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature:



Date:

9. 7. 2011

声明

声明人：毛晓矛，男，中国五矿集团副主席。

我在此声明，我知晓李瑞丰先生所做调查研究的目的和用途，在李先生研究中所呈现的观点都是我的个人观点，我给予李先生在他的论文中使用它们的权利。

我保证以上陈述是本人真实的意思表示，如违反上述承诺，愿承担由此产生的一切经济 and 法律责任。

签字：毛晓矛
日期：2011. 7. 9

Declaration

I, undersigned Shi Shuang, male, the vice chairman of China Orient Asset Management Corporation and the director of marketing department.

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature:



Date:

15. 7. 2011

声明

声明人, 石爽, 男, 中国东方资产管理公司副总裁兼市场部主管。

我在此声明, 我知晓李瑞丰先生所做调查研究的目的和用途, 在李先生研究中所呈现的观点都是我的个人观点, 我给予李先生在他的论文中使用它们的权利。

我保证以上陈述是本人真实的意思表示, 如违反上述承诺, 愿承担由此产生的一切经济和法律责任。

签字: 石爽
日期: 2011.7.15

Declaration

I, undersigned Wang Linpeng, male, the CEO of Beijing Easyhome Investment Holding Group Co. Ltd.

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature:

Date:

8.9.2011

声明

声明人：王林鹏，男，北京居然之家投资控股集团有限公司首席
执行官。

我在此声明，我知晓李瑞丰先生所做调查研究的目的和用途，在
李先生研究中所呈现的观点都是我的个人观点，我给予李先生在他的
论文中使用它们的权利。

我保证以上陈述是本人真实的意思表示，如违反上述承诺，愿承
担由此产生的一切经济 and 法律责任。


签字：王林鹏
日期：2011.9.8

Declaration

I, undersigned Zhang Yong, male, the CEO and founder of HaiDiLao Catering Co. Ltd.

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature: 

Date: 12. 8. 2011

声明

声明人：张勇，男，海底捞餐饮股份有限公司创始人及总裁。

我在此声明，我知晓李瑞丰先生所做调查研究的目的和用途，在李先生研究中所呈现的观点都是我的个人观点，我给予李先生在他的论文中使用它们的权利。

我保证以上陈述是本人真实的意思表示，如违反上述承诺，愿承担由此产生的一切经济 and 法律责任。

签字：



日期：

2011. 8. 12

Declaration

I, undersigned Wu Gang, male, the second generation owner and CEO of Tong Yun electrical factory.

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature: 

Date: 17. 8. 2017

声明

声明人：武刚，男，通运电控柜厂第二代厂主及总裁。

我在此声明，我知晓李瑞丰先生所做调查研究的目的和用途，在李先生研究中所呈现的观点都是我的个人观点，我给予李先生在他的论文中使用它们的权利。

我保证以上陈述是本人真实的意思表示，如违反上述承诺，愿承担由此产生的一切经济和法律责任。

签字：武刚

日期：2011.8.17.

Declaration

I, undersigned Li Yuan, male, the chairman of Spring group.

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature:



Date: 20.5.2011

声明

声明人：李元，男，春天集团董事长。

我在此声明，我知晓李瑞丰先生所做调查研究的目的和用途，在李先生研究中所呈现的观点都是我的个人观点，我给予李先生在他的论文中使用它们的权利。

我保证以上陈述是本人真实的意思表示，如违反上述承诺，愿承担由此产生的一切经济 and 法律责任。

签字：



日期：2011.5.20


Declaration

I, undersigned Jiang Zhengwang, male, the general manager of Spring group.

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature:



Date:

6.9.2011

声明

声明人：蒋正旺，男，春天集团总经理。

我在此声明，我知晓李瑞丰先生所做调查研究的目的和用途，在李先生研究中所呈现的观点都是我的个人观点，我给予李先生在他的论文中使用它们的权利。

我保证以上陈述是本人真实的意思表示，如违反上述承诺，愿承担由此产生的一切经济 and 法律责任。


签字：蒋正旺
日期：2011.9.6

Declaration

I, undersigned Liu Bingxiang, female, professor of Party School of the Central Committee of C.P.C., specialized on leadership research and leadership education.

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature: 

Date: 15.6.2013.

声明

声明人：刘炳香，女，中共中央党校教授，专长于领导到力的研究与教学。

我在此声明，我知晓李瑞丰先生所做调查研究的目的和用途，在李先生研究中所呈现的观点都是我的个人观点，我给予李先生在他的论文中使用它们的权利。

我保证以上陈述是本人真实的意思表示，如违反上述承诺，愿承担由此产生的一切经济 and 法律责任。

签字：刘炳香

日期：2013.6.15.

Declaration

I, undersigned Liu Wenpeng, male, professor of RenMin University, specialized on political and social history in Qing dynasty.

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature: 刘文鹏
Date: 11.6.2013

声明

声明人：刘文鹏，男，中国人民大学教授，专长于对清代政治、社会和历史的研究。

我在此声明，我知晓李瑞丰先生所做调查研究的目的和用途，在李先生研究中所呈现的观点都是我的个人观点，我给予李先生在他的论文中使用它们的权利。

我保证以上陈述是本人真实的意思表示，如违反上述承诺，愿承担由此产生的一切经济 and 法律责任。

签字：刘文鹏
日期：2013.6.11

Declaration

I, undersigned Tian Maoming, male, the chairman of the New Continent Group.

I hereby declare that I understand the aim and purpose of Mr. Ruifeng LI's research, and the opinions that presented in Mr. LI's research are all my personal opinions. I give the permission to Mr. LI to use my opinions in his work.

I ensure that the above statement is the presentation of my true meaning. I shall bear any economic and legal responsibility arising from any violation of the statement.

Signature:



Date:

9.6.2013

声明

声明人：田茂铭，男，新大陆集团董事长。

我在此声明，我知晓李瑞丰先生所做调查研究的目的和用途，在李先生研究中所呈现的观点都是我的个人观点，我给予李先生在他的论文中使用它们的权利。

我保证以上陈述是本人真实的意思表示，如违反上述承诺，愿承担由此产生的一切经济 and 法律责任。

签字：田茂铭
日期：2013.6.9

13 Abbreviations

EFQM: European Foundation for Quality Management

PDCA: Plan, Do, Check and Act

SME: Small Medium sized Enterprise

SOPK: Deming's System of Profound Knowledge

TQM: Total Quality Management

WTO: World Trade Organisation